

OVERSEAS NEWS

Romania ready to pledge end to foreign borrowing

By Judy Dempsey in Vienna.

THE Romanian authorities are expected today to pass a law ruling out future foreign borrowing, despite the chronic condition of the country's economic and industrial infrastructure as well as widespread food shortages.

The decision will be endorsed by the Grand National Assembly, the rubber-stamp Parliament, following a recent meeting of the ruling communist party's central committee.

During that meeting, Mr. Nicolae Ceausescu, the Romanian president and communist party leader, announced that foreign debts had been "completely repaid" and at the weekend in a speech to the party-backed National Council of the Socialist Democracy and Unity, he ruled out any future foreign credits or loans.

"Now that we have long ceased to pay tribute, but have no debts either, we have decided not to depend on anyone anymore either economically or politically to really ensure the independence of our people, our nation."

The decision, he said had already been agreed by the central committee.

Economists specialising in East European economies, yesterday said Romania's industrial infrastructure was likely to deteriorate even further as a result of the end of foreign

borrowing and access to credits.

The country's debts, which in 1980 exceeded \$10bn, were repaid at breakneck speed at the expense of postponing the modernisation of industry and radically reducing living standards.

Exports, particularly food, were accelerated while imports were drastically cut back. Enterprises, despite facing acute shortages of spare parts, were penalised if their export quotas were not met.

In addition, the most basic commodities, such as bread, were rationed to levels of the Second World War period and for several years, supplies of meat, dairy products and vegetables have been unavailable in the capital Bucharest and other cities.

However, some Western economists and bankers last week argued that since the country had a large trade surplus of well over \$1bn, President Ceausescu could use the surplus to buy vital technology in order to rebuild the shattered economic base, or even slow down the export drive so as to improve the food situation.

But his speech at the weekend seemed to indicate that Romania is fast becoming a new Albania with little prospect in the foreseeable of any change in economic policy.

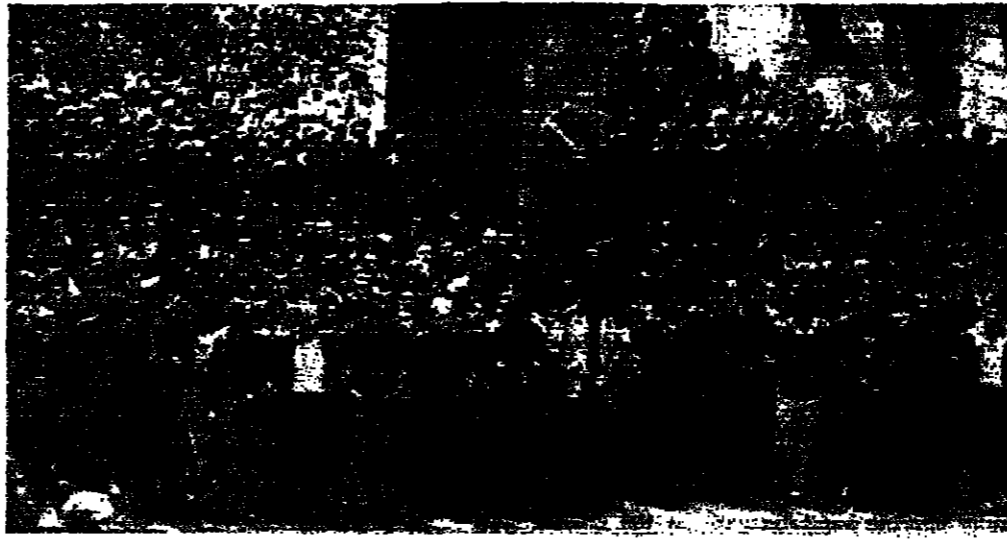
Mr Francisco Fernandez Ordonez, Spain's Foreign Minister, said yesterday after chairing a meeting of his European Community colleagues that the EC was determined to take a very firm line with Romania over human rights, Reuter reports from Granada.

He said the Community planned to circulate its complaints about Romania's treatment of dissidents to all 35 members of the Conference on Security and Cooperation in Europe (CSCE), which concluded a set of agreements including commitments on human rights in Vienna last month.

Circulating information about the complaint is a prelude to having the issue raised at a follow-up conference in Paris next month, which Western diplomats hope will condemn Romania for not meeting its CSCE obligations.

The Spanish Minister said he and his EC colleagues had agreed the Community should continue to treat each East Bloc country on its merits. The ministers welcomed reforms in Poland and Hungary.

Mr Hans-Dietrich Genscher, the West German Foreign Minister, said "A modernisation of the West's policy towards the East is needed to develop a political strategy supporting reform efforts there."



Residents of Tbilisi, the Georgian capital, join a funeral procession at the weekend for the 19 people killed in clashes earlier this month between Soviet troops and demonstrators

Soviet tax remains progressive

By John Lloyd in Moscow

A DECREE on income tax, published by the Soviet authorities yesterday, shows that the perestroika tax regime will remain progressive - with the low-paid paying no tax or only small amounts, while the higher-paid will have their pigs made to squeak, moderately.

The law exempts from tax all of those on incomes of 80 rubles (about \$80) a month - a very low income, but one on which many pensioners find themselves. Those on incomes of between 80 and 100 rubles will pay less tax, while most of the population, those earning between 100 and 700 rubles a month, will remain on the

present rate of 13 per cent.

Above 700 rubles, however, the marginal rates rise fairly steeply. Those earning in the band between 701 and 900 rubles will pay 88.20 rubles on the 700 plus 13 per cent on the rest; between 1,301 and 1,500, 156.20 rubles on the 1,100 and 30 per cent on the rest; between 1,501 and 1,700 rubles, 236.20 on the 1,500 and 50 per cent on the rest.

There has been a common assumption in the Soviet Union, by no means unreasonable, that anyone in these

higher income bands must be a crook. However, with over 700,000 workers now in the co-operative sector earning above-average wages, the new bands appear designed to claw back some of these earnings.

Another widespread new phenomenon - royalties - is also to be taxed. Here, the earnings range from 1,200 to 18,000 rubles a year, and the marginal tax rates from 13 to 50 per cent.

A move from direct to indirect taxation has been called for by prominent economists in the past months, but no details of other than income tax changes are given in the decree.

Italy's railway saviour refuses to be crowned

By John Wyles in Rome

ITALIAN ambitions to reform one of Europe's most backward and unprofitable railway systems have been severely jolted by the withdrawal of the man cast in the role of managerial saviour, Mr Mario Schimberni.

The former managing director of Montedison has made it clear he is not interested in becoming president of the railways because the political controls will be too onerous and because of a fundamental policy disagreement over privatisation with the Minister of Transport, Mr Giorgio Santuz.

This bombshell for the Government exploded just as the cabinet was adopting a new legislative proposal on Friday which will fundamentally change the management structure of the deeply troubled Ferrovie dello Stato (FS). Last year, FS required subsidies of L.5,850bn (\$4.2bn) to cover operating losses and L.5,965bn for capital investments.

Mr Schimberni has been managing the FS as a special commissioner since last December, when most of the company's board, including the president and director general, became the targets of investigation on corruption charges.

His decision reflects the violent clash of cultures between

a private sector manager and the network of politicians, trade unionists and equipment manufacturers long accustomed to regarding the FS as a playground for their interests.

Although the Santuz reform of the FS would have concentrated management power on the president, Mr Schimberni complained it allowed for political controls which went beyond the setting of strategic objectives, and would have curbed his freedom to manage.

In addition, the Santuz plan allows a private sector role through joint ventures in parts of the rail network. Mr Schimberni is adamant FS control of its network must not be compromised in this way.

Mr Santuz will meet rebellious top railway managers on Wednesday but it seems unlikely he can make the compromises needed to win a change of mind.

Many would be relieved to see Mr Schimberni go. He produced in February a choice of three five-year plans, all aimed at reducing subsidies, developing profitable goods traffic and raising efficiency and quality. The unions fear all options point to a cut of 50,000 in the 226,000 workforce while politicians fear the closure of unprofitable lines.

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Latin American polls test region's appetite for more democracy

Robert Graham details parties, contenders and previous results

IN the next month presidential elections are due to be held in four Latin American countries, the largest concentration of such elections in recent memory.

The elections - in Guatemala, Bolivia, Panama and Paraguay - will be followed later this year by contests in Brazil and Chile.

The polls will determine whether or not the trend away from military governments towards fully fledged democracies is consolidated.

The debt crisis, combined in most instances with poor economic management, has discredited the ruling parties or coalitions. The outcomes will be judged at their simplest by each country's ability to ensure a democratic transfer.

In Bolivia, this has not occurred since independence over 150 years ago.

In Paraguay and Panama, the democratic nature of the election remains in doubt. In February General Andres Rodriguez deposed General Alfredo Stroessner, dictator of Paraguay for 34 years. Rodriguez, now standing as presidential candidate of the ruling Colorado Party, is widely expected to win.

In Panama, Mr Guillermo Duque, the candidate being backed by the Panamanian strongman General Manuel Antonio Noriega, is regarded as well ahead of his rivals.

The elections will be as follows:

PARAGUAY
 DATE: May 1
 TYPE: Presidential, Legislative
 MAIN CONTENDERS:
 Presidential: General Andres Rodriguez - ANR-Partido Colorado
 No other candidate
 Legislative: Partido Liberal radical (PLR); Partido Liberal (PL); Partido Liberal Radical Autentico* (PLRA); Partido Revolucionario Febrerista* (PRF); Partido Democra Cristiano* (PDC).
 *Coalesced in the Acuerdo Nacional (AN)
 PREVIOUS RESULT:
 Presidential (14 February 1988): General Stroessner (ANR-Partido Colorado) 88.6%
 Luis Maria Vega, PLR: (7.1%)
 Carlos Ferreira Ibarra, PL: (3.1%)

BOLIVIA
 DATE: May 7
 TYPE: Presidential, Legislative
 MAIN CONTENDERS:
 Gonzalo de Lozada, Movimiento Nacionalista Revolucionario (MNR)
 General Hugo Banzer, Accion Democratica Nacionalista (ADN)
 Jaime Paz Zamora, Movimiento de la Izquierda Revolucionaria Nueva Mayoría (MIR)
 Antonio Arambur, Izquierda Unida (IU)
 Victor Hugo Cardenas, Movimiento Revolucionario Tupac Katari de Liberación (MRTK)
 Carlos Palenque, Conciencia de Patria (CP)
 Roger Corbes, Partido Socialista-Uno (PS-Uno)
 Edil Sandoval, Movimiento de Izquierda Nacional (MIN)
 PREVIOUS RESULT:
 Presidential (July 4 1985): Victor Paz Estenssoro (MNR-Historico): 28.4%
 General Hugo Banzer (ADN): 26.6%
 Jaime Paz Zamora (MIR): 10%
 Victor Paz Estenssoro elected

by Congress
 Legislative: 14 July 1985
 Chamber of Deputies:
 MNR-Historico: 41; ADN: 43; MR: 15; MNR-VR: 6; PS-Uno: 5; MRTK: 2; Others: 18.

PANAMA
 DATE: May 7
 TYPE: Presidential, Vice-Presidential, Legislative (87 seats).
 MAIN CONTENDERS:
 Coalición de Liberación Nacional (Colina) is a pro-government coalition formed by the Partido Revolucionario Democrático (PRD), the Partido Republicano (PR), the Partido Liberal (Pal), Partido del Pueblo Panameño (PPP), Partido Panameñista Revolucionario (PPR), Partido Democrático de los Trabajadores (PDT) and the Partido de Acción Nacional (PAN).
 Alianza Democrática de Oposición Civilista (Adoc) is an opposition alliance formed by the Partido Demócrata Cristiano (PDC), the Partido Liberal Auténtico (PLA), a section of the Partido Panameñista Auténtico (PPA) and the Movimiento Liberal Republicano Nacional (Mollrena).
 Main candidates:
 Colina - Carlos Duque (PRD) for President, Ramón Sietro (Pal) and Aquilino Boyd as Vice Presidents.
 Adoc - Guillermo Endara as President, Ricardo Arias Calderón (PDC) and Guillermo Ford as Vice-Presidents.
 PREVIOUS RESULTS:
 Presidential: (8 May 1984)
 Nicolás Ardito Barletta (Union Nacional Democratica - Unade) 300,738
 Arnulfo Arias Madrid (Alianza Democrática de Oposición - Ado) 299,085
 Legislative:
 Unade: 40 seats
 Ado: 27 seats

ARGENTINA
 DATE: 14 May
 TYPE: Presidential, Legislative (27 Deputies, 15 Senators)
 MAIN CONTENDERS:
 Eduardo Angeloz (Union Civica Radical - UCR); Carlos Saul Menem (Partido Justicialista - PJ or Peronista); Alvaro Alsogaray (Union de Centro Democratico - UCeDé); Néstor Vicente (Esperanza Unida - IU)
 PREVIOUS RESULTS:
 Presidential: Raul Alfonsín Foulkes (UCR) 51.8% - 317 seats; Italo Luder (PJ) 40.2% - 259 seats; Oscar Alenda (Partido Intransigente) 2.3% - 2 seats; Others: 5.7% - 22 seats.
 Legislative:
 UCR 116 (37%)
 Peronists 110 (41%)
 Others: 28 (23%)

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OVERSEAS NEWS

Howe and Bush seek compromise on N-missiles

By Lionel Barber in Washington

SIR Geoffrey Howe, the British Foreign Secretary, will meet President George Bush today for talks on bridging differences in the Nato alliance over modernising its short-range nuclear missile arsenal.

The Bush administration has recently signalled willingness to be flexible on updating Nato's ageing Lance tactical missiles, mainly to accommodate the West German Government and avoid a damaging split in the alliance ahead of the Nato summit in June.

Mrs Margaret Thatcher, the British Prime Minister, has remained insistent that the West should modernise its short-range weapons, arguing forcefully that "delays" will make it even harder to make an eventual decision on Lance replacement.

Both the US and the UK wish to avoid the impression of Nato disarray in the face of a barrage of Soviet promises to cut conventional forces in Europe. They are also concerned that Nato should avoid any suggestion that Lance modernisation could be subject

Aid debacle lays French sympathies bare

France was seen as directly favouring Lebanon's Christians, writes George Graham

FRANCE finally began to put its Lebanon aid operation into motion at the weekend, with the evacuation of 14 wounded Beirutis to the French naval hospital ship *La France*.

For Paris, the operation provides a welcome conclusion to days of difficult negotiation with the Lebanese factions.

French Middle Eastern analysts and France's Western allies are still trying to puzzle out how France managed to get into such a mess over its Lebanese aid effort.

The episode appears to have begun with a denunciation by Mr François Léotard, leader of the opposition Republican Party, of France's acquiescence in "the elimination of the Christians of the East". He triggered an emotional reaction which was hard for the Government to ignore.

While a few nostalgic voices recalled the offer of protection made by the French king, St Louis, to the Maronite Christians in 1250, President Fran-

çois Mitterrand - citing France's "instinctive solidarity" with Lebanon - took command from his Foreign Ministry and sent a hospital ship and a petrol tanker.

Mr Léotard's appeal was overtly pro-Maronite, and President Mitterrand, though more nuanced, did nothing in subsequent statements to undo the impression that France was taking sides.

By choosing as a special envoy Mr Jean-François Deniau, an opposition politician with Maronite sympathies, the French Government virtually ensured that its aid would be seen as aimed at the Christians. Since his return from Beirut, Mr Deniau has accused Syria of deliberately shelling the embassy shelter in the Christian suburbs of Ba'abda. The ambassador died in hospital.

its Western allies for their lack of support. "Whatever we did was going to be criticised, and we were going to be criticised if we did nothing. We only wanted to do something effective for Lebanon, but no one wanted to come with us," said one official.

The gap between France and its allies reflects not just different assessments of the utility of getting mixed up in Lebanon, but a divergence in broader Middle East policy.

For despite the soothing words used in the last few days to facilitate the arrival of the aid ships, the crisis has revealed the strength of French hostility to Syria's role in Lebanon.

they make it clear that Mr Sharaa misunderstood.

While US policy gives priority to the Arab-Israeli conflict, tending to seek Syria's acquiescence by leaving it considerable leeway in Lebanon, France apparently hopes for a separate Lebanese solution, founded on Syrian withdrawal.

France's protestations of even-handedness may be justified in relation to the distribution of its medical supplies but conversations with government officials make it clear that the Elysée, if not the Foreign Ministry, comes close to sharing Mr Deniau's view of Gen Aoun as the saviour of Lebanon from an invader.

Besides blaming Syria for the recent outbreak of fighting, officials accuse the US of trying to destabilise Gen Aoun.

In any event, France's attempt to carry out its aid operation in defiance of Syria misfired badly last week and the chances of following up the first two vessels with further aid appear slim.

Mubarak removes Defence Minister

By Tony Walker in Cairo

THE sudden removal of Egypt's powerful Defence Minister from his post at the weekend is seen as a move by President Hosni Mubarak to assert his authority over his debt-burdened country.

Field Marshal Abdel Halim Abu Ghazala's appointment as a "consultant" to the president - a task described yesterday by an Egyptian observer as a "non-job" - detaches him from his military power base. The move indicates that Mr Mubarak has at last decided to clip the wings of the man regarded as his main rival and most likely successor.

An Egyptian political commentator said the president was "now in full command" of the civilian and military branches of government, and was ready to play a more decisive role in tackling Egypt's economic difficulties.

No authoritative official explanation has been provided for the removal of Mr Ghazala, 59, and his replacement by Youssef Abu Taleb, 60, the governor of Cairo. The abrupt decision has prompted suggestions that serious personal differences may have arisen between Mr Ghazala and Mr Mubarak.

Mr Ghazala had served as Defence Minister since March 1981 and was regarded as pro-American.

General Abu Taleb, who replaces him, commanded Egypt's artillery during the 1973 war. He is reputed to be a hard-working and incorruptible public servant.

Cairo observers expect further government changes this year after a new economic reform agreement has been reached with the IMF.

PLO calls for 'Namibia-style' elections

By Tony Walker in Cairo and Lami Andoni in Amman

THE Palestine Liberation Organisation called at the weekend for "Namibia-style" elections to be held in the West Bank and Gaza Strip as a step towards resolving the Middle East dispute.

Mr Yasser Arafat, the PLO leader, who paid lightning visits to Egypt and Jordan, said after talks with Egyptian President Hosni Mubarak that elections must be held under international supervision and not under Israeli occupation.

Mr Arafat was responding to proposals advanced by Mr Yitzhak Shamir, the hard-line Israeli Premier, for elections in the West Bank and Gaza as a

step towards greater autonomy for the 1.5m Palestinians resident there.

PLO officials and Palestinian spokesmen inside the territories have said the Shamir plan is unacceptable in its present form, but they have made it clear that they are willing and even anxious to pursue discussions about elections.

"I welcome any elections among the Palestinian people, but not under Israeli occupation," Mr Arafat told reporters after talks with Mr Mubarak on Saturday. The Egyptian president, standing next to Mr Arafat, endorsed his remarks.

Mr Arafat called on Wash-

ington to adopt the same approach to the Middle East dispute as with Namibia, where US-backed preparations are under way for holding an internationally-supervised plebiscite.

"I want to ask the US administration why it accepted holding elections in Namibia after the withdrawal of occupying troops and does not want to implement the same rules with the Palestinians," he said.

Egyptian officials, while expressing intense scepticism about Mr Shamir's proposed "free and democratic elections" in the occupied territories, believe no purpose would be

Israelis fire at demonstrators

ARAB hospital officials said Israeli soldiers shot dead a child and wounded 13 demonstrators in the occupied territories yesterday, Reuter reports.

Officials at a Russian hospital in Beit Jalla said the 10-year-old boy died of gunshot wounds to the leg and hip in Samoa village, near the southern border of the West Bank.

The Israelis declared much of the occupied territories under curfew in an attempt to head off protests marking the first anniversary of the killing of the Palestine Liberation Organisation's military commander Khalil al-Wazir, known as Abu Jihad.



Sir Geoffrey Howe, who meets President Bush in Washington today, pictured (left) with Mr Hans-Dietrich Genscher, West German Foreign Minister, in Granada yesterday

EC ministers disagree over Brady debt plan

By Peter Bruce in Madrid

SENIOR South American foreign ministers failed at the weekend to persuade their 12 European Community colleagues to throw the EC's weight behind proposals by Mr Nicholas Brady, the US Treasury Secretary, to cut the costs of servicing Latin America's \$400bn external debt.

Frustrated by Spain, however, the EC ministers, who met informally in Granada, did agree to place the Latin American debt problem on the agenda for the EC summit in Madrid in June when Spain's six-month EC presidency ends.

Mr Francisco Fernandez Ordonez, the Spanish Foreign Minister, conceded that the Community ministers had disagreed about whether to support Mr Brady's plan, which involves forgiving a proportion of the total debt and using the International Monetary Fund and the World Bank to guarantee interest payments on the rest. But, he said, the talks with the Latin American Ministers had been "enormously fruitful".

Some EC countries, particu-

Tamils agree to talks with Premadasa

TAMIL separatist guerrillas in Sri Lanka said at the weekend that they were ready to hold talks with President Ranasinghe Premadasa, Reuter reports from Colombo.

A presidential spokesman said the offer by the Liberation Tigers of Tamil Eelam was being conveyed to President Premadasa who is away from Colombo.

The President has invited the Tamil guerrillas and southern Sinhalese rebels for talks on several occasions since he was elected last December.

"He will welcome any opportunity for talks," one official said.

In another development, the spokesman said India had agreed to withdraw immediately a further five battalions comprising 7,000 troops and their equipment from the island.

He said New Delhi was responding to a request by President Premadasa for a phased withdrawal of the 45,000 troops it still has on the island.

Indian troops arrived in northern Sri Lanka in July 1987 to implement a peace accord signed by former President Jinnas Jayawardene and Mr Rajiv Gandhi, Indian Prime Minister.

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Brisk demand for chemicals, polymers, dyestuffs and finishing products contributed decisively to the year's excellent results. Significant progress was also achieved in expanding the Group's presence in major world markets, in boosting the output of its speciality products, and in further improving the quality of the Group's extensive range of products.

In line with its ongoing program to strengthen earnings potential through key investments, BASF spent DM 1.8 billion on R&D plus another DM 300 million on new research facilities and testing laboratories in 1988. Investments in plant and equipment were up 26.7% to over DM 3.5 billion. For 1989, another considerable increase of investments is planned.

Optimism for 1989
Preliminary figures for the early months of this year, combined with a favorable outlook for the global economy, point to another rewarding performance for the BASF Group and its shareholders in 1989. As one of the world's leading chemical companies, BASF is indeed well positioned to pursue its long-term strategy of maintaining and enhancing its blue-chip status.

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OVERSEAS NEWS

Fear of Recruit arrests raises tension in Tokyo

By Ian Rodger in Tokyo

TENSION was building in Japanese political circles at the weekend following authoritative reports that the public prosecutor would finally begin arresting politicians involved with the Recruit bribery scandal this week.

Mr Masami Takatsuki, the Justice Minister, hinted to on Friday that the prosecutor might take action against some politicians tomorrow or later. He also made clear that he had no intention of preventing the prosecutor from arresting Diet (parliament) members.

About 30 politicians were among those who received big financial donations from the Recruit publishing group in the mid-1980s. At the time, Recruit was carrying out a massive campaign of donations to business leaders and government officials in return for various services. Details of the campaign first came to light last June, and have been rocking the Japanese political and business worlds ever since. In recent weeks, 13 businessmen and government officials have been arrested on bribery charges in connection with Recruit.

Now speculation in Tokyo is focused on whether Mr Yasuhiro Nakasone, the former prime minister, will be questioned or arrested. Mr Nakasone was in power in the mid-1980s and it has been suggested that he played a role in having Mr Hiromasa Eno, the former chairman of Recruit, appointed to prestigious government advisory bodies.

Also, analysts wonder if he put pressure on Nippon Telegraph and Telephone (NTT), the state-controlled telecommunications utility which helped Recruit to an extraordinary extent in its attempts to enter the data communications business in 1985.

In his only comment on the Recruit affair, Mr Nakasone two months ago denied that he had been involved in any way. However, it is already known that his political secretary was one of 16 politicians or top aides who was given the opportunity to buy shares of Recruit Cosmos, a Recruit property

subsidiary, in 1986 before it was floated on the over-the-counter stock market. The secretary made a profit of about ¥130m (US\$60,000) on the subsequent sale of the shares.

It has also become clear that other political leaders were receiving enormous amounts of money from Recruit during the Nakasone administration. Two weeks ago, it was learned that Mr Noboru Takeshita, the current prime minister, had received more than ¥120m in political donations from Recruit between 1985 and 1987, when he was secretary general of the ruling Liberal Democratic Party (LDP).

On Friday, Mr Shintaro Abe, who was Mr Nakasone's foreign minister, confirmed reports that his political organisation had received ¥8m from Recruit over two and a half years, in the form of consulting fees in his wife's name. He would not confirm widespread reports in Tokyo at the weekend that he had received other political donations from Recruit totalling more than ¥100m.

Meanwhile, Mr Takeshita and Mr Abe, who is now LDP secretary general, met on Saturday to consider the mounting threat to their government from the Recruit scandal.

Parliamentary business has been stalled for more than a month because opposition parties have been boycotting debates on the Government's budget and demanding that Mr Nakasone testify under oath about his role.

The budget must clear the committee stage by this Friday if it is to be implemented on time. Failure to get it through would suggest that the Government had lost the power to govern and add weight to the claims of opposition leaders that the Government is discredited and so general elections should be called.

Mr Takeshita and Mr Abe agreed to continue resisting opposition demands, but LDP officials are attempting to find a face-saving way for Mr Nakasone to submit himself to opposition questioning.

Cheap labour and money draw investors

Richard Gourlay explains the attractions the Philippines hold for foreign business

UNIDEN of Japan chose Manila and not Bangkok for a \$26m (£15m) plant to assemble communications equipment precisely because the Philippines is not about to join the region's economic superstars.

Having moved from Japan and then from Taiwan, Uniden, which sells exclusively in dollars, could not face the prospect of another appreciating-currency country and is certain the Philippines will not become one.

For Taiwanese textile and garment makers, the Philippines' unused US export quotas were the magnet, while for almost all new investors cheap labour is high on the country's list of attractions.

Clearly, businessmen who decide to set up in the Philippines do so for a variety of reasons, not all of them necessarily to the Government's liking. But three years after President Ferdinand Marcos's dramatic departure from power, relative political stability is finally allowing investors to look at the Philippines as serious competition to other Asian countries for investments.

The cheap labour is undoubtedly a critical factor, but its abundant supply is equally important. Each year more than 800,000 school leavers

enter the job market - more than 3 per cent of the labour force - and many people are forced to take jobs below their qualifications.

Even with an expected 10 per cent increase in Manila's minimum wage in May from the current level of 64 pesos (US\$1.50) for a 44-hour week, the Philippines is likely to remain one of the region's cheapest labour markets for some years.

Strikes which erupted in the first liberal days of President Corason Aquino's term have greatly subsided. The new 1986 labour code redressed some of the injustices of the Marcos years, but the two largest moderate union groups have gained ground over the radical Kilusang Mayo Uno (KMU), which was behind many of the earlier politically-motivated strikes. However, there is at least one case of a foreign bank manager receiving a death threat while negotiating a pay award, and hastily leaving the country.

The reverse side of the cheap labour coin is a per capita GNP below \$900, which restricts the size of the local market.

The most frequently cited drawback is the law allowing foreigners to own only 40 per cent of a company unless it is exclusively exporting, although similar laws in Thailand, for example, have obvi-

ously not held back investment. "Selection of your business partners becomes critical and should not be made on the

SETTING UP BUSINESSES IN ASIA



Philippines

basis of a few initial contacts," says Mr Peter Wallace, a Manila consultant for Business International.

Theoretically, registration of a new company with the Securities and Exchange Commission can take as little as 24 hours, while the Board of Investments (BOI) promises to register companies within 30 days, a process that carries certain investment incentives.

But in practice, this is likely to be an investor's first contact with his biggest headache, the bureaucracy. "The BOI is very helpful but other departments don't care about investors."

Mr Kapahayan Hattori, Uniden's finance director, says the Bureau of Customs epitomises the worst bureaucracy of more accurately, that many businessmen say, "there are those anywhere it goes, and it is still possible to import materials at a clear customs swiftly."

The BOI's incentives, which are designed to match what is on offer elsewhere in Asia and generally do, include a rate of tax holidays (up to eight years), duty exemptions and accelerated depreciation books.

Under the 1987 Omnibus Investment Code incentives available to companies that create large numbers of jobs, transfer skills and technology, locate in least developed areas, increase exports or contribute to the future development of the economy, a catch-all that shows "priority" status is negotiable, especially when the potential investment is large. Repatriation of dividends and capital is guaranteed and, with some short delays, works in practice.

By regional standards, office and housing costs in Manila are still cheap although prices have started to rise. An office in the heart of the Makati business district will cost up to 150 pesos (US\$30) per square metre per month, up 25 per cent from a year ago.

Telephone installation can be a problem, although on a typically ad hoc basis businesses can jump to the head of other's immediately long waiting lists. In some areas surprisingly close to Manila, Philippine Long Distance Telephone, which is virtually a monopoly, simply does not have sufficient or land line capacity and is unlikely to still it increases capital investment.

Housing costs are also leaping, with house rents in the smartest villages doubling in a year to \$2,000-\$4,000 a month. Further from Manila, but still within easy commuting distance, houses can be found for around \$800 a month. Security around these urban "villages" and the excellent international schools is tight but aimed at common lawlessness, as so far there has been almost no threat to expatriates from the country's Communist insurgents.

Despite the relative political calm, many Japanese manufacturing investors remain sceptical. It is undeniably still a touch unpredictable. Still headlines, a cabinet crisis, Congress and a people who sometimes appear to thrive on crisis become commonplace to a resident businessman. His head office may not find it as easy to adjust.

Korean poll bribery admitted

By Maggie Ford in Seoul

MR KIM Young Sam, one of South Korea's main opposition leaders, has been forced to make an apology over a bribery scandal disclosed during a parliamentary by-election.

The Secretary General of Mr Kim's Reunification Democratic Party has resigned after admitting he agreed to an offer by an opposing party's candidate to step down, in return for a payment of Won 150m (US\$30,000).

The candidate is now under arrest.

All four candidates in the by-election have been charged with breaking the election laws by trying to buy votes, holding illegal rallies and using banned campaigning methods, such as canvassing electors and distributing leaflets.

The by-election, held on Friday, was won by the candidate for the ruling Democratic Justice Party, but his victory may be declared invalid. The ruling party has admitted that the present election laws are so restrictive that it is almost impossible to hold a fair campaign and has called for their revision.

Mr Kim Young Sam said at the weekend that he knew nothing about the payment to the opposing candidate, who was standing for the New Democratic Republican Party led by Mr Kim Jong Pil.

The lesson from the case was that politics had to be cleaned up, he said.

The leader of the main opposition party, Mr Kim Dae Jung, yesterday called for a meeting of the three Kims to reunite and refocus the opposition on a

number of other serious political issues.

The Government has attracted strong criticism over the arrest of a senior professor, who was an adviser to a new liberal Seoul newspaper. The professor is being investigated for allegedly trying to arrange a visit to North Korea by the paper's journalists. Contact with the Communist North is banned under the national security law.

In the wake of an unauthorised trip to Pyongyang by the Rev Moon Il Hwan, a Protestant minister now under arrest, the Government has detained several more dissidents.

A spokesman denied, however, that the detention of the professor was the start of a crackdown on the press.

Over 500 Swapo rebels 'move out of Namibia'

MORE than 500 Swapo guerrillas from southern Namibia have been moved to positions north of the 16th parallel in Angola under a week-old withdrawal agreement, the official Angolan news agency ANGOP said yesterday, Reuters reports from Luanda.

ANGOP quoted Angolan Defence Minister Colonel-General Pedro Maria Yonba as telling reporters in the southern city of Lubango on Saturday that fighters of the South West Africa People's Organisation were continuing to cross from Namibia.

But United Nations Under-Secretary General Marrack Doudou, who accompanied Gen Yonba on a tour of bases where the Swapo guerrillas were being confined, said in

Luanda on Saturday night: "We have not yet established how many have come back across the frontier."

A Swapo spokesman, meanwhile said at the weekend that the guerrillas would continue to bypass UN assembly points inside Namibia, all ringed by South African troops.

Mr Doudou Hamutanya, the Swapo Information Secretary, claimed, after attending an anti-apartheid meeting in the Netherlands, that South African troops had killed 14 Swapo members in the past few days.

He said Swapo could easily meet the new deadline of April 21 for all of its guerrillas to be out of Namibia. If South African forces were not patrolling the border and actively trying to intercept them.

OBITUARY Hu Yaobang, Chinese reformer

HU YAOBANG, the former Chinese Communist Party leader who died of a heart attack in Peking on Saturday, was once the protégé of senior leader Deng Xiaoping and still a member of the party's powerful politburo. Reuters reports from Peking.

But he was ousted in January 1987, by party hardliners after a wave of student protests and was said to have enjoyed little real power in the politburo since then.

His liberal attitudes made him popular among foreign leaders and Chinese intellectuals but led to his downfall at the hands of party hardliners who accused him of allowing Western political ideas to spread unchecked.

He, a strong advocate of Deng's ambitious economic reforms which have transformed life for most of China's 1.1bn people, became party leader in 1986.

He was one of China's first leaders to travel widely, taking the message of his country's new open-door policy to Japan, Australia, Western and Eastern Europe.

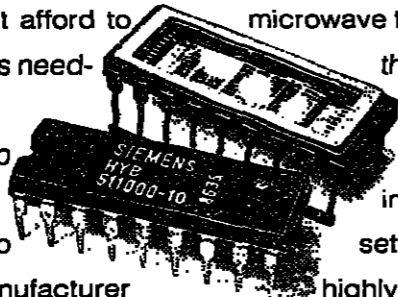
As with many of China's veterans, his political career suffered cycles of successes and defeats. A native of Hunan province, he joined Mao Tse-tung and his communist guerrillas on the epic Long March in 1934 and was later given political posts in the People's Liberation Army.

Large crowds of students yesterday mourned his death, posting up hundreds of posters on Peking campuses calling for freedom and democracy.

SIEMENS

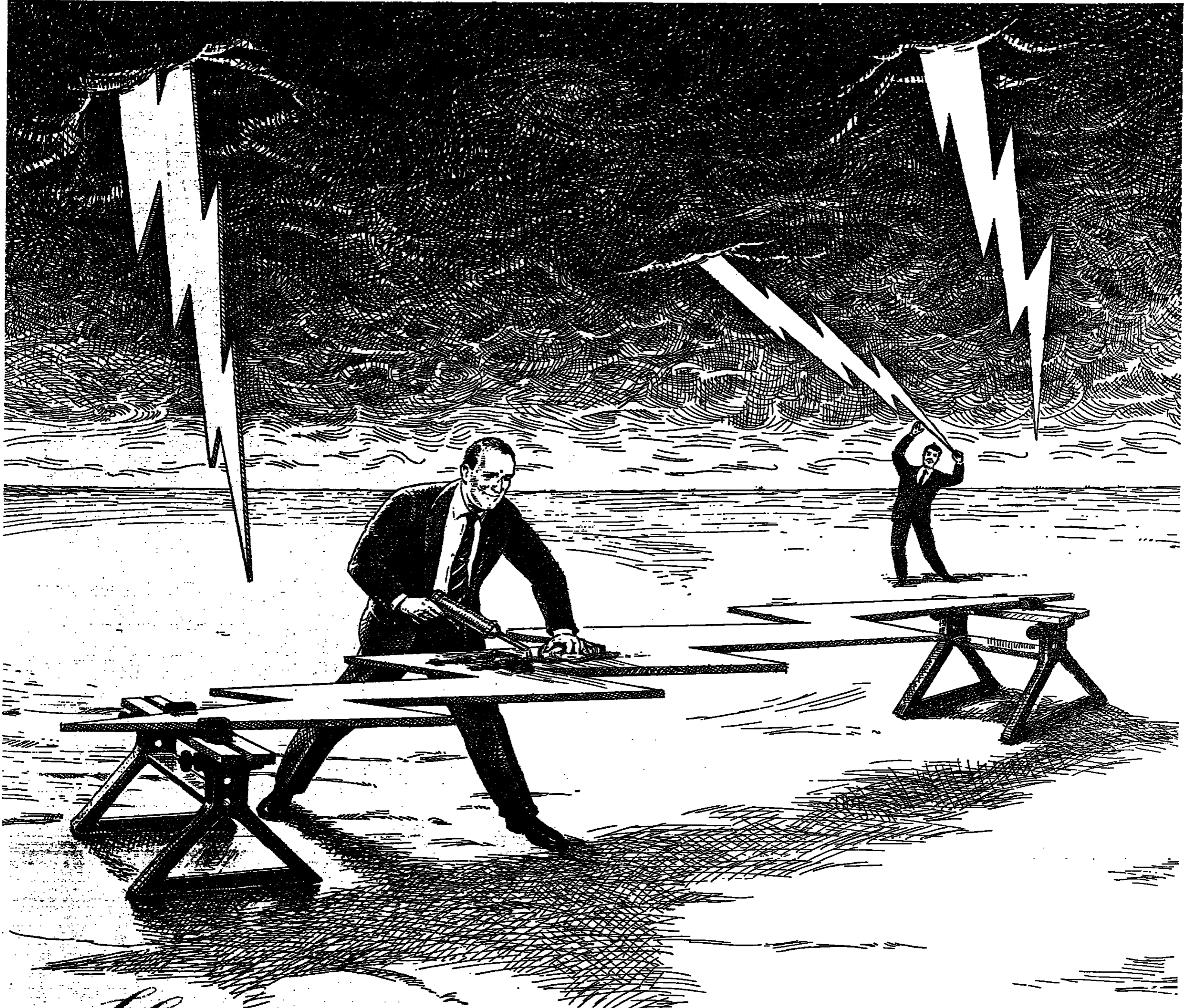
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OVERSEAS NEWS

New Iron Lady ventures onto EC's tax-setting battleground

David Buchan profiles a Commissioner who believes the current phase of intensive negotiations requires a fresh approach

TAX is one of the European Community's great battlegrounds. A European Commissioner needs a cast iron reason (and armour) to venture into an area where national governments guard their tax-setting prerogatives so jealously and where each can wield a veto to block any EC action.

receive from bank deposits and many of the bonds they hold. She is re-casting proposals on value added tax and excise duties to try to make them more palatable to governments. And, today, she will ask EC finance ministers meeting in Luxembourg to pass a package of three corporate tax directives, two of which date back to 1969.

her margin for manoeuvre is doubtful. But for the moment she is stressing the pragmatism she learnt in business (running a professional training company in France) and the knowledge of the European Community she gained through 10 years as a Euro-MP, to get progress.

Portugal zero-rates some items). None disputes that removing fiscal frontier checks might lead to trade distortions. But the UK argues that closer alignment of differing rates should be left to market forces, while most other countries now argue for Brussels-led action (each country, of course, putting the burden of adjustment on its neighbours) to put rates in even narrower bands than originally suggested by Lord Cockfield.



Mrs Scrivener, solving problems governments care to adopt. Another working group, this time inside the Council of Ministers, is studying which goods might end up in which VAT rate band. In addition, Mrs Scrivener says special arrangements will have to be made for mail order goods and, maybe, for high-value, mobile goods like cars.

Mr Long believes the paper will need an up-front investment of FF600m and overall finance of between FF120m and FF150m. The first year target circulation would be 80,000, rising to 150,000 by the third year.



designed to avoid double taxation of dividends paid from a subsidiary in one member state to a parent company in another member state, to share tax on the assets of a company in one member state being merged with a company in another EC state, and to arrange arbitration between national tax authorities on disagreements arising from transfer pricing practices within multinational companies.

One area, however, will stay outside the Commission's expanding tax dossier. "There is no question of us getting involved with personal income tax rates," says Mrs Scrivener.

OBITUARY: ALBERT BONNIER JR

Patriarch of Swedish publishing groups

MR Albert Bonnier Jr, the great patriarch of Swedish publishing and the head of one of Sweden's wealthiest Jewish dynasties, has died at the age of 81 after a short illness.

the daily Dagens Nyheter and the evening tabloid Expressen, both of which are liberal in their political outlook.

big circulation weekly magazines, many of which reached a wide audience of Swedish housewives.

media for his own purposes. At a breakfast meeting with journalists last autumn, he made a sufficiently scathing attack on Mr Jan Wallander, the chairman of the Mariberg board, to prompt his resignation.

Fresh effort to raise finance for Paris daily

MR Gerald Long, the former chief executive of Reuters, the international information group, is making renewed efforts to raise finance for a new quality daily newspaper in Paris.

Call to develop world tourism

SENIOR executives from American Express and 16 other leading multinational companies involved in international travel have called on Western governments to give higher priority to developing the world's travel and tourism industries.

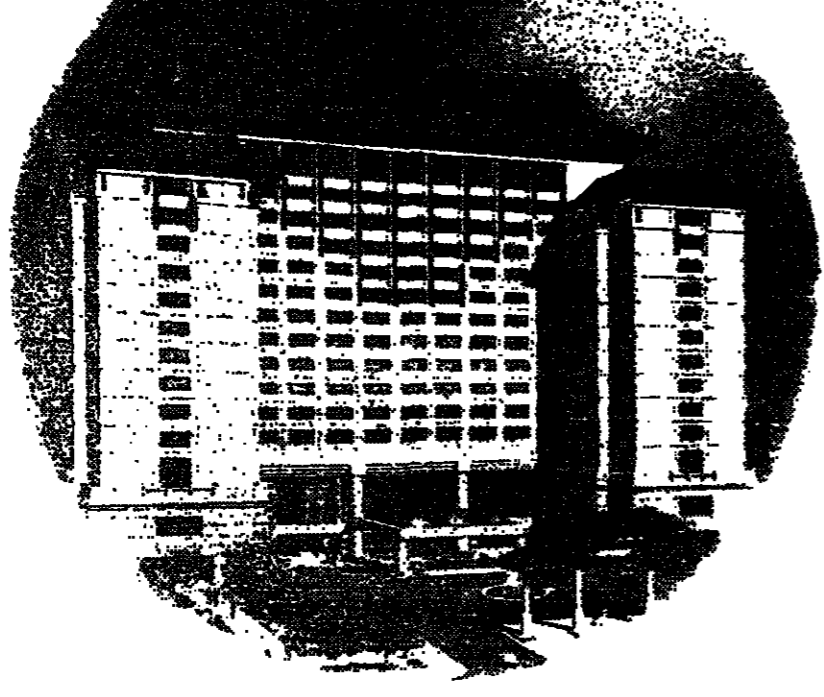
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王府飯店 THE PALACE HOTEL Wangfujing, Beijing

Managed by Manilla Hotel International

Scandal shakes Bordeaux wines

THE famous claret wine growing region of Bordeaux has been shaken by a new scandal involving the sale of second-rate wines under some of the most prestigious labels of the region such as Chateau Margaux or Chateau Petrus.

SHIPPING REPORT Big increase in tanker inquiries

THE volume of both inquiries and fixtures in the spot market for the bigger ships increased markedly last week, but rates for most voyages failed to improve because of a surplus of available tonnage.

Both Chateau Margaux and Chateau Petrus, among the most expensive wines in the world, had been the target of a similar fraud in 1984.

Police started investigating in August 1987, but it took them until now to complete investigations.

Bids close today for 55% holding in Jerusalem Post

BIDS for the 55 per cent holding in the Jerusalem Post newspaper held by IIC, an investment subsidiary of Israel's troubled Koor Industries, close today, and senior staff at the newspaper say that in recent months more than a dozen parties have expressed interest in gaining control.

WORLD ECONOMIC INDICATORS

Table with columns for UNEMPLOYMENT and various economic indicators for different countries and years.

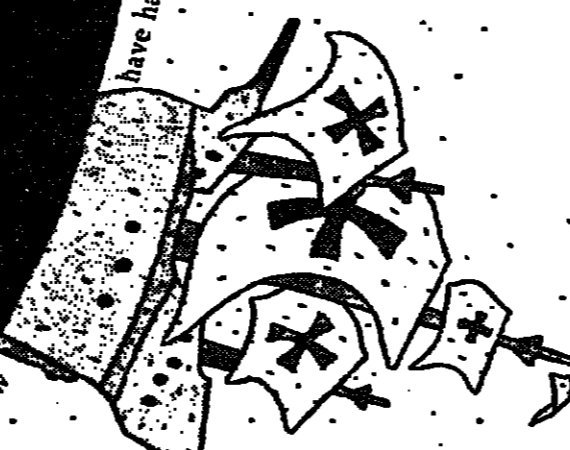
Advertisement for FOLLETT PORSCHE cars, listing various models and prices.

Handwritten signature 'Jolly Lito'

Edward Heath's decision to take us into the EEC means that today, instead of wars over the Alps, we merely have battles over the butter mountain.

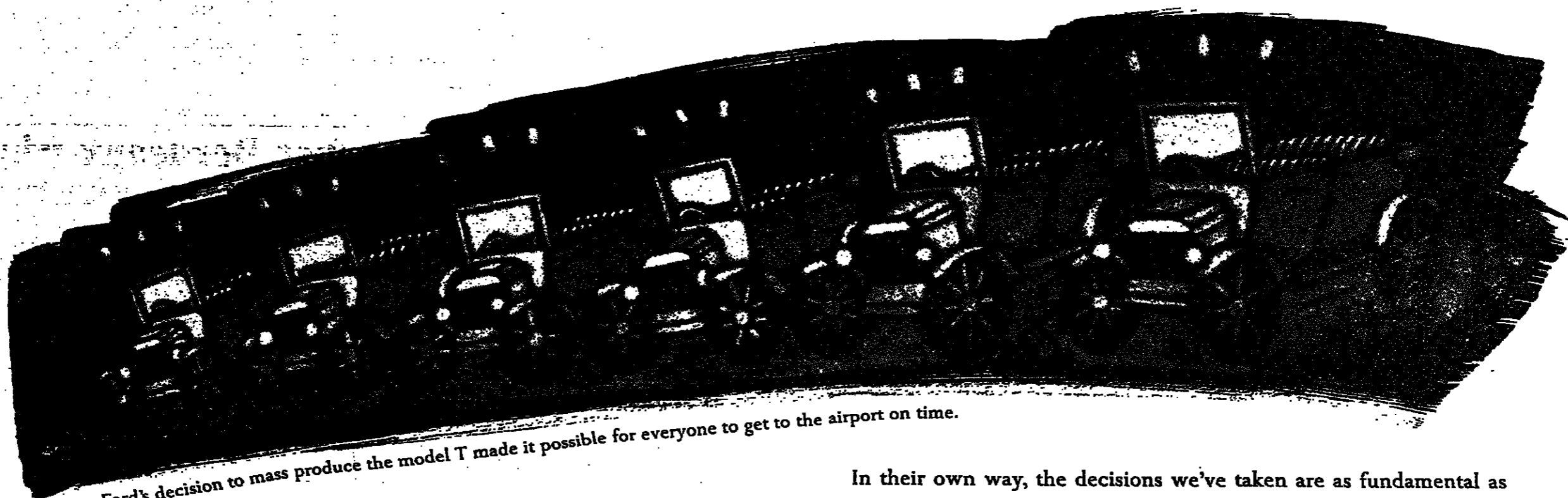


have hamburgers, colas and soap operas



Columbus' decision to sail west had a profound effect on us. It is, after all, why we now

Some decisions have changed the world.
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Henry Ford's decision to mass produce the model T made it possible for everyone to get to the airport on time.

In their own way, the decisions we've taken are as fundamental as those of Messrs. Columbus, Heath and Ford.

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Another Good Decision

UK NEWS

CBI/FT survey into consumer spending trends UK retail sales rebound

By Ralph Atkins, Economics Staff

GROWTH in UK retail sales rebounded last month and was above retailers' expectations...

THE PROSPECT of a national docks strike grew yesterday as port employers reiterated their opposition to any form of negotiation...

Threat of national dock strike grows

By Fiona Thompson, Labour Staff

Mr Ron Todd, general secretary of the Transport and General Workers' Union, is to meet tomorrow morning with Mr Nicholas Finney, director of the National Association of Port Employers...

Inquiry into media law may be headed by Press Council

By Fiona Thompson, Labour Staff

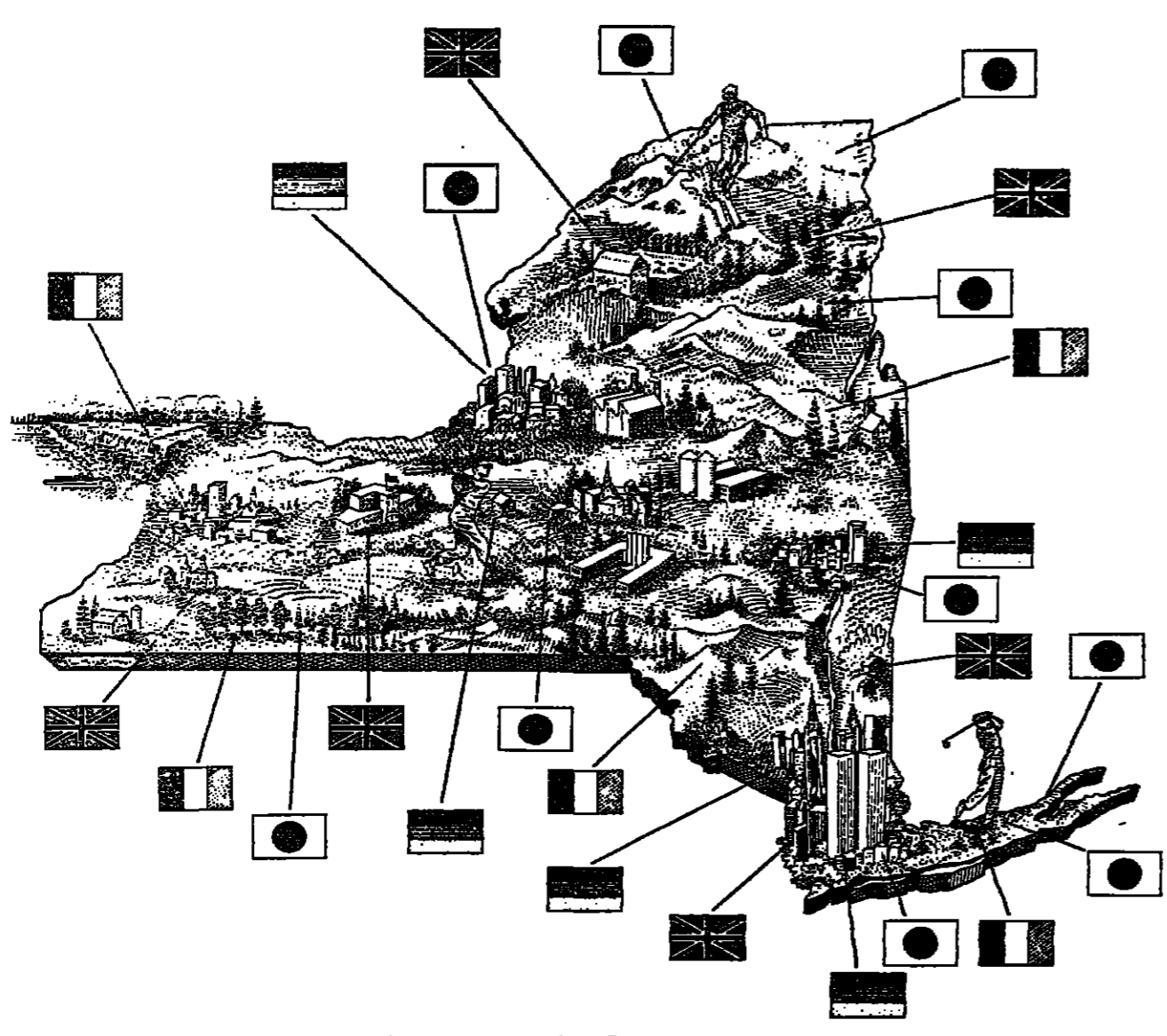
THE Press Council may be asked to organise an inquiry into the state of media law in the UK in an effort to head off private members' legislation on the press...

Reforms rejected by family doctors

By Alan Pina, Social Affairs Correspondent

THE Government's isolation from the medical profession over its health service reforms intensified at the weekend when the Royal College of General Practitioners overwhelmingly rejected the proposals...

A meeting of the royal college's 68-strong council adopted a resolution declaring that "the college rejects the white paper on the reform of patients' with only a single vote against the proposals...



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THE INSOLVENCY ACT 1986 CANYANG INVESTMENTS LIMITED NOTICE IS HEREBY GIVEN that the creditors of the above company are required, on or before 30 April 1989, to send in their full names and addresses, full particulars of their debts or claims, and the names and addresses of their solicitors if any...

Settlement in sight in lecturers' dispute

By David Thomas

THE THREAT to this year's university examinations eased considerably at the weekend, as the lecturers' union decided to scale down its exam boycott...

explained yesterday that the executive was responding to concern about the boycott expressed by the National Union of Students and by many lecturers...

Ms Diana Warwick, the union's general secretary, said that she would defend it as a trade dispute in court.

Ms Warwick denied the easing of the boycott meant that lecturers were not prepared to press on with the dispute.

Report outlines plans for UK's largest trade union

By Michael Smith, Labour Staff

A MERGER between the local government unions, Nupe and Valgo, would create "the largest, best-resourced and potentially strongest union of its kind in Western Europe," according to a report drawn up by senior officials...

Other alliances being considered are between the TGWU general workers' union and the National Union of Mine Workers, and between the AEU engineering union and the KESTFU electricians' union...

The Nupe-Nalgo paper points to the similarities between the two unions - both have a growing female membership, face share employers, and "often identical attacks".

Combining Nalgo, which has 740,000 members, and the 640,000-strong Nupe would create Britain's largest union.

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INFORMATION IS POWER FT Management Reports 01 799 2002 Free catalogue

BT unions gain members

By Fiona Thompson, Labour Staff

UNION membership among senior staff at British Telecom, has increased by 17 per cent since January 1 because of opposition to management plans to introduce personal contracts, the Society of Telecom Executives said yesterday.

The package BT is offering to senior managers who accept personal contracts in place of collective bargaining includes a company car, medical insurance and telephone allowances.

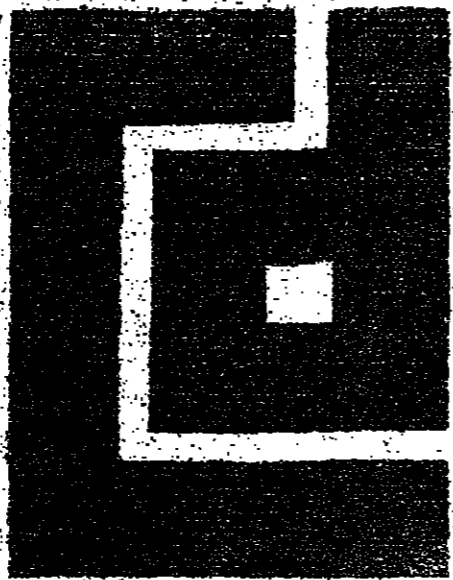
BT has made a 7.5 per cent pay offer to senior managers from last January but the STB says that is not enough.

The STB, which represents the more than 4,000 senior managers involved, said membership had risen from 2,813 to 3,300. BT's plans were creating uncertainty and hostility, it said.

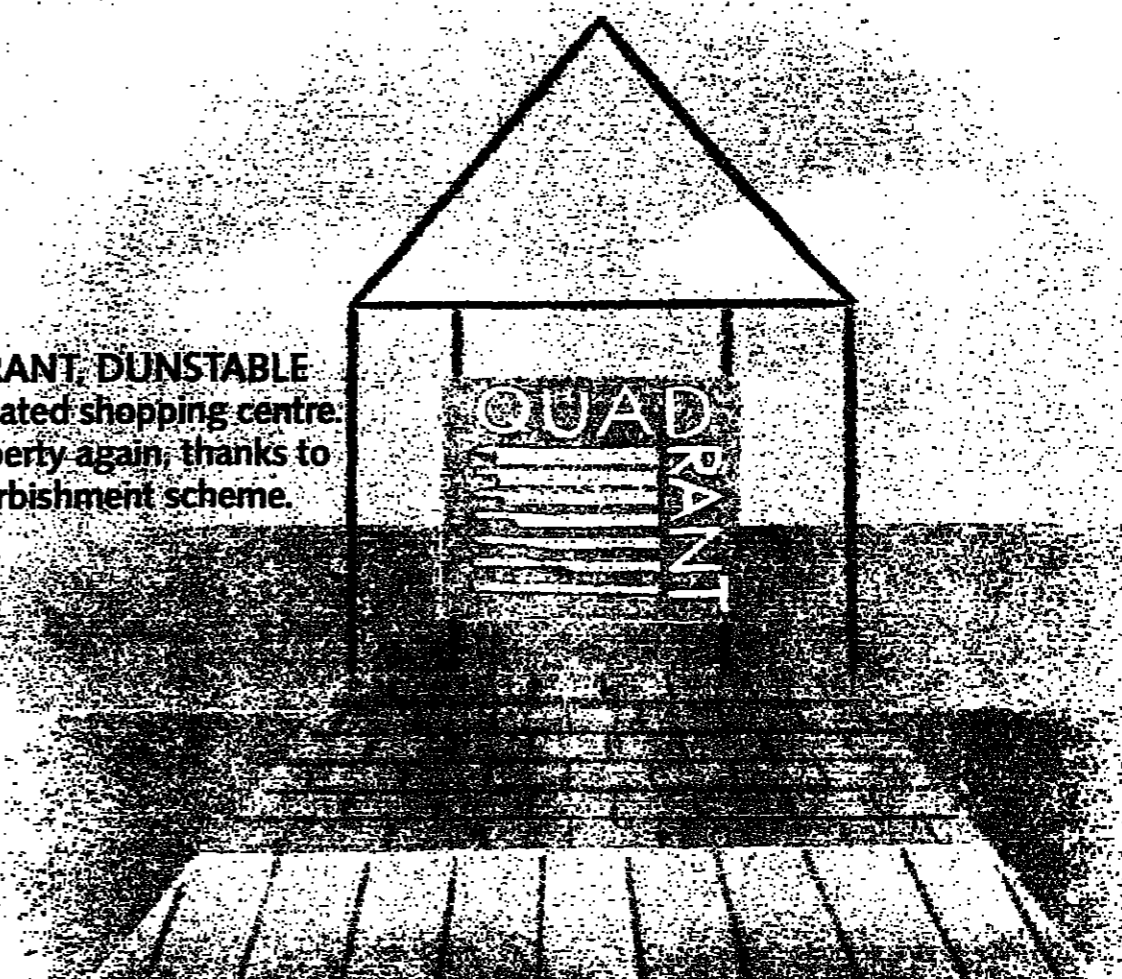
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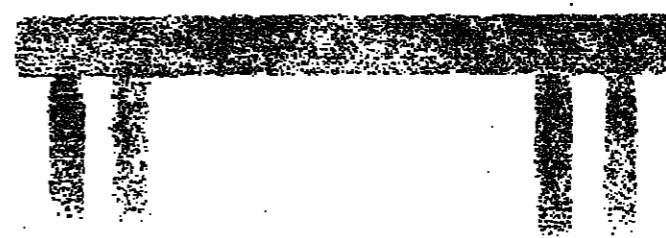
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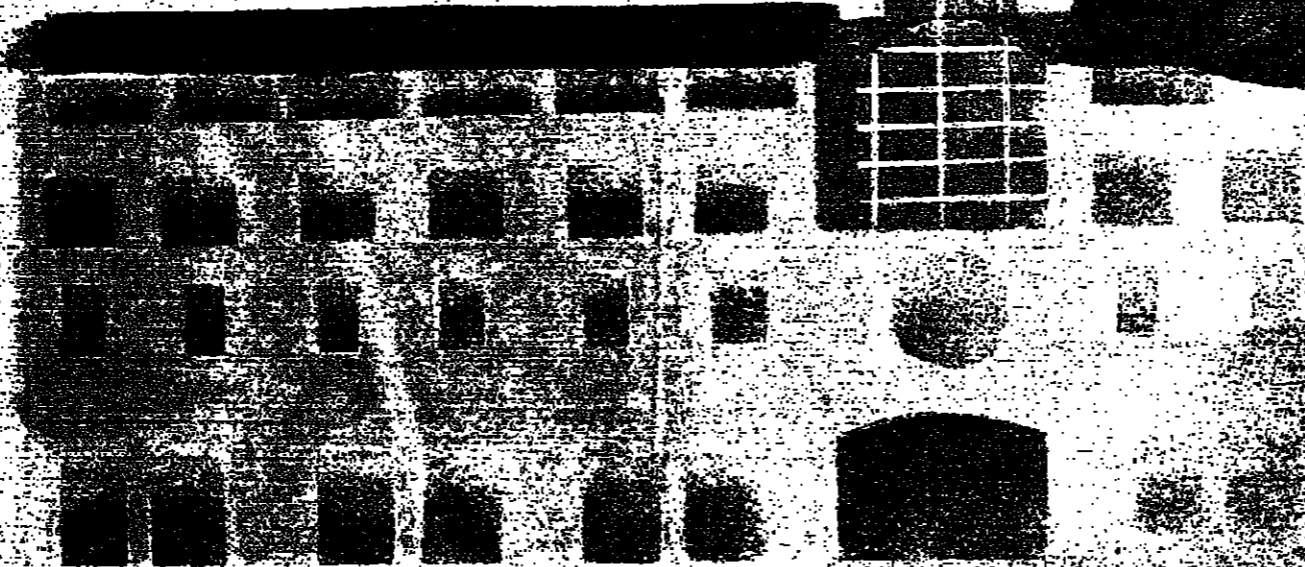


County and District bring in a quarter of Costain's profits — and business is growing fast. So fast that their investment portfolio now totals £226 million, and their development programme £600 million.

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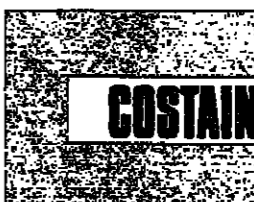
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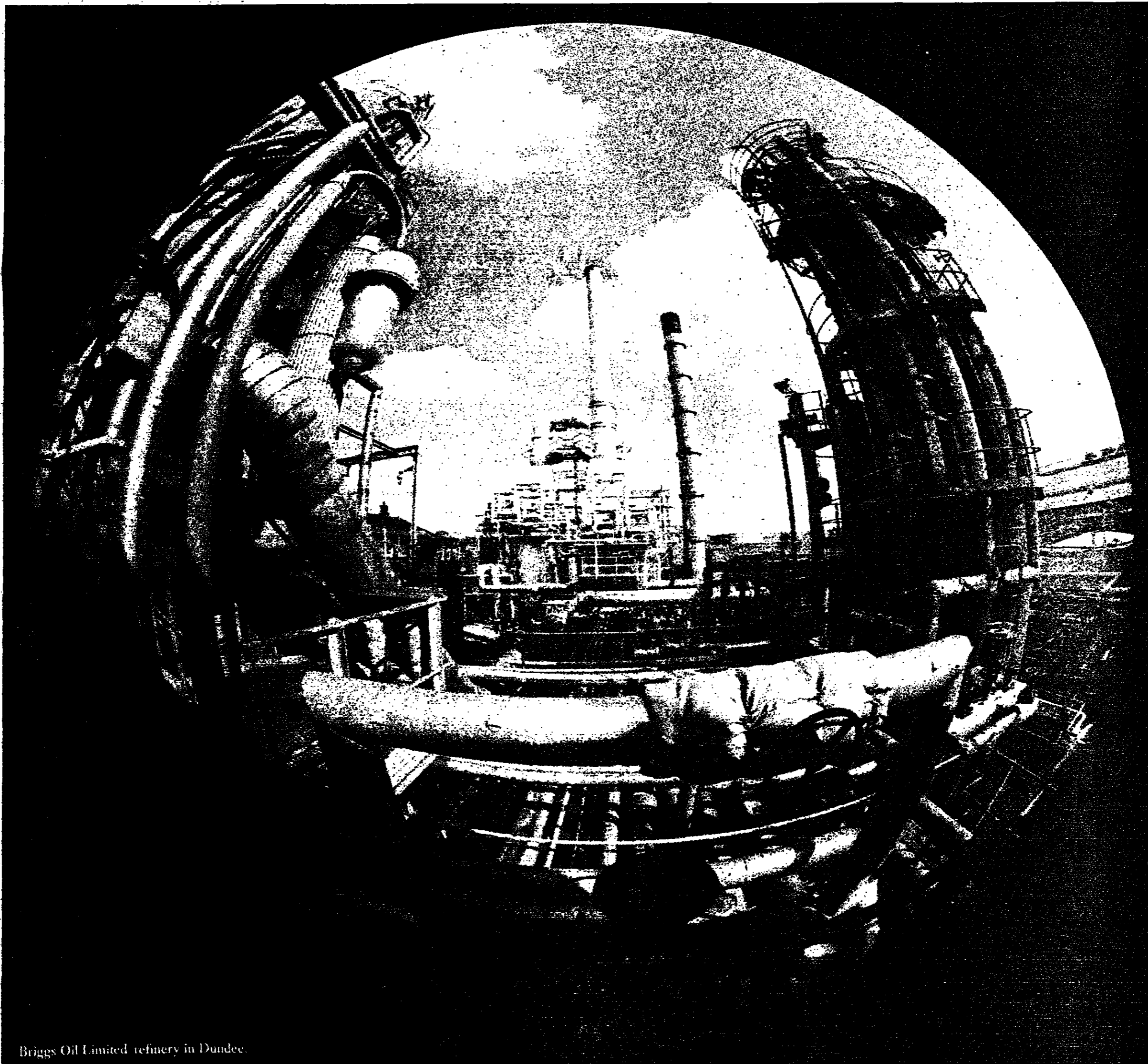
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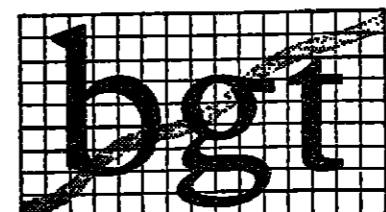
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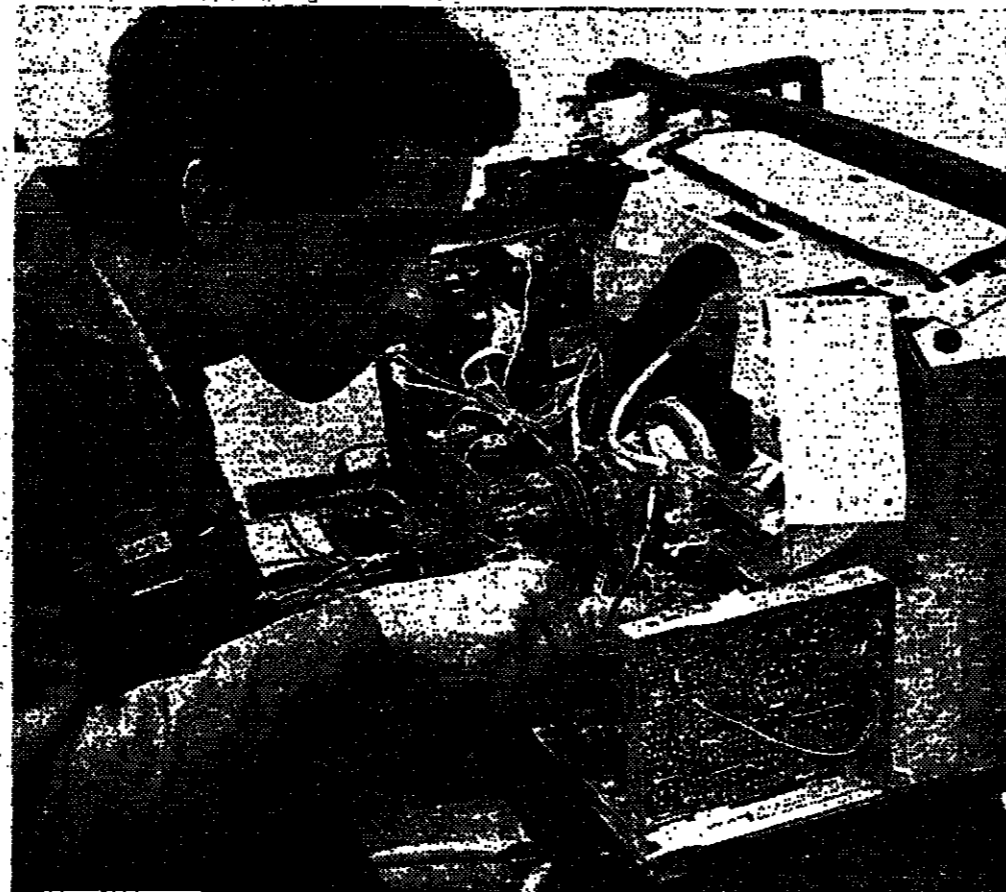


The industrial profile of South Wales is changing. Coal and steel are being displaced by a wide

diversity of manufacturing and high-tech companies attracted by a good local workforce, regional aid and efficient communications.

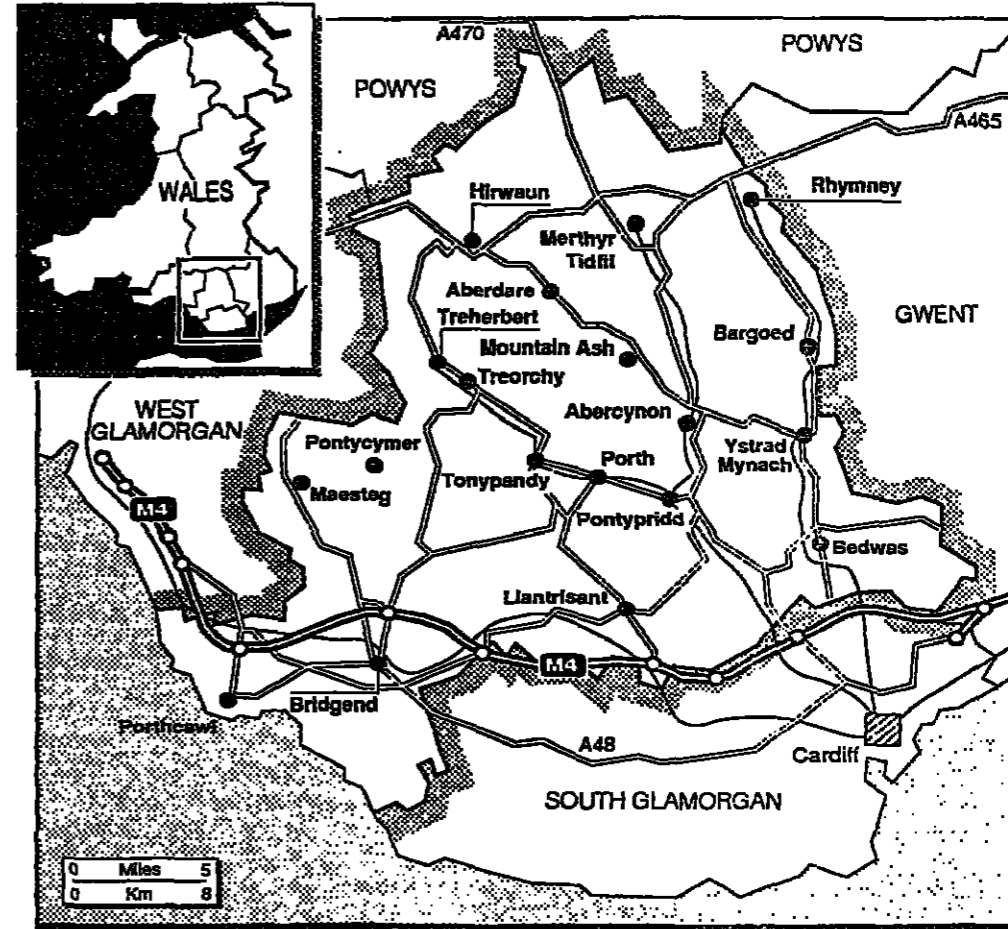
writes Anthony Moreton

Confounding the sceptics



Worker at Sony's television manufacturing plant at Bridgend

Trevor Humphries



MID GLAMORGAN

Twenty miles south of Merthyr Tydfil, alongside the M4 motorway, the Miskin Manor hotel at Llantrisant earlier this year won the Most Civilised Restaurant of the Year award in a competition sponsored by a sherry concert.

At the entrance to Merthyr, opposite the giant Hoover factory which produces all the US company's washing machines and dishwashers in Europe, work has started on the Welsh Development Agency's latest property venture in the town, a business park.

The park will contain offices and small factory units that should be ready for occupation this time next year. Across the road from both Hoover and the business park is what is claimed to be the longest dry-ski run in Britain.

The combination of first-class restaurant, business park and a major tourist venue is far removed from the common perception of South Wales.

To those whose acquaintance is confined to archaic readings of Richard Llewellyn's *How Green is My Valley*, South Wales is probably still a place of dark satanic pits. Hoover, the ski run and the business park in Merthyr Tydfil, the largest town in Mid Glamorgan, and the hotel in Llantrisant prove that conceptions are frequently misconceptions.

Once, the county was the home of heavy industry. Coal and steel dominated the landscape as much as the economy; but those days have long since gone. Steel has entirely disappeared with the closure of the Dowlais works and while the county still has six pits (out of a total of only nine in South Wales) employing 3,500 men the days when coal and steel reigned, when the miners of Merthyr erected an arch built from slabs of coal over the road to welcome the king, are now far off.

In their place has come a wide variety of modern industries. Some of them have been founded and built by local people, disproving the theory that Welshmen make good employees but poor employers.

More recently a host of companies have moved in, attracted by the Welsh Development Agency's (WDA's) modern factories, by regional assistance, by a good labour force or the easy communications with their main markets. One such company is Bluebird Toys, which late last year took a giant factory in Merthyr for the production of a variety of

toys. Bluebird has already begun recruiting labour and when fully commissioned should be employing more than 600 in the town.

The 25m Bluebird is investing in Merthyr is small beer by comparison with the 2750m Ford is putting into its engine plant at Bridgend and its components factory at Swansea. Or to the expansion Race Electronics is making at Talbot Green and Aberdare which will add more than 1,100 jobs to its payroll. But all are indicative of the way the economy is changing, moving towards a diversified cross-section of concerns and away from dependence on a small number of heavy industries.

Evidence of the attraction of this part of South Wales comes from Mr Tony Williamson, managing director of Hoover, which moved its European headquarters from Parvane in west London to Merthyr last year. "We had to offer some inducements to people to leave London," he says, "but they have already discovered the whole quality of life is so much better here that we would now

have to offer them an inducement to leave if we were ever to move from Merthyr."

Hoover, which employs some 2,250 in Merthyr, is, in fact, hoping to announce new investment at its plant before the end of the year. Nor is it just a matter of quality of living. Mr Bernard Clouter, managing director of British Airways' engine overhaul plant, which employs more than 900 people at Nantgarw, says that, commercially, the company is in no way disadvantaged through being outside Cardiff.

"We are operating in an internationally competitive market and we also undertake work for Middle Eastern, Far Eastern and some US airlines. And we hope to win more orders in the US. The quality of the staff we have, and what we can recruit locally, means we are in a very good position to win further orders."

Mid Glamorgan is Wales' most industrialised county, yet it is a curious mix of industry and agriculture, valley and seashore, wealth and poverty. It has a narrow coastal strip which includes the once-fash-

ionable Porthcawl that has become something of a dormitory town for Cardiff. Behind the coast is rich farming country and industry only starts to become really apparent north of the M4 motorway.

A band of land around the motorway has become a magnet for new industry. Ford is the most obvious example but Sony, which has become one of the largest employers in the county, is another. Race Electronics is to be found in this area together with high-tech, beauty product and plastics companies.

The valleys, which are contiguous with much of the South Wales coalfield, are not easy places in which to site large-scale industry because of the shortage of flat land. However, they contain in AB Electronics at Abercynon one of the most important companies in Britain in advanced electronics as well as companies in such diversified sectors as watches, Christmas decorations and general engineering.

Arrival or expansion by these companies, which have had a good growth record over

the past five years, has helped to mitigate the very severe effects of the depression of 1979-84. Mid Glamorgan lost 33,000 jobs in those years, most of them for men, and the rate of decline in employment was greater than that for Wales as a whole and far greater than the British figure.

A large part of the loss in the county arose from the virtual collapse of electrical engineering, mechanical engineering, metal production and clothing and severe losses in coal which gathered pace after the end in 1985 of the year-long miners' strike. In Merthyr the loss of manufacturing jobs was as much as a third. An inflow of new or expanded industries is therefore not only still needed if the county is to retain its economic base but it also needs to be widely spread.

In *Divided Wales: Local Prosperity in the 1980s* two academics from the Cardiff Business School, Mr Jonathan Morris and Mr Barry Wilkinson, report that the recovery has had far greater effect in the motorway corridor. That recovery begins to become less

noticeable, they comment, the further north one goes.

Despite the inflow, unemployment remains high. Although it has fallen to just over 9 per cent on a seasonally-adjusted basis, the figure that the ebullient Secretary of State, Mr Peter Walker, likes to quote, a more accurate indication is given by the government's own local-authority figures, since these do not include those on temporary schemes or the self-employed. On this basis the Mid Glamorgan figure is 12.9 per cent, with men alone pushing the level to 16.7 per cent.

High unemployment and a large number of retired people mean that total household income in some parts of the valleys is no more than £4,000 a year, as low a figure as is to be found in Britain. Combined with some poor social conditions and a large stock of old housing these statistics have led to the valleys being described as Wales' only inner-city problem area.

Recognition of this eco-social condition led Mr Walker to launch last year a Valleys Pro-

gramme, in which he sought not just to attract new jobs but also to do something about the social deprivation. Progress on implementation of the 50-odd proposals in the programme is being monitored very closely.

Mr Walker saw that if the area was to prosper it had to be given confidence in itself. It had to be given a secure economic base in which the industries of tomorrow could provide the jobs for men and women who have largely worked in the industries of yesterday. The arrival or the expansion of a long list of companies indicates that confidence in the towns and valleys that comprise Mid Glamorgan is returning strongly.

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Valleys programme Infrastructure	2
Profiles: Ribbons; Apello; Delyn Packaging; Align-Rite; Rockwool; Triumph	3
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WALES' LEADING MANUFACTURING LOCATION

MID GLAMORGAN 2

Anthony Moreton on Government attempts to tackle unemployment and regenerate the economically depressed valleys

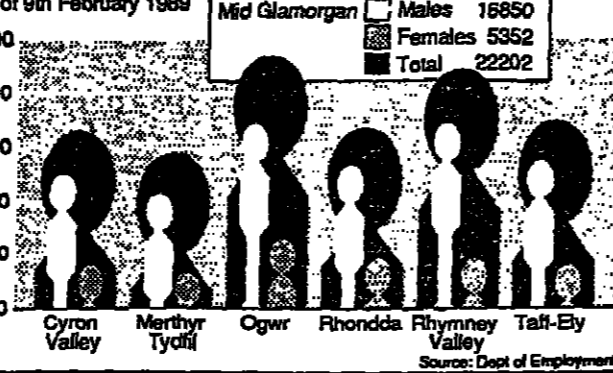
More investment crucial to turn optimism into reality

WHEN MR Peter Walker suggested a year ago that unemployment in the South Wales valleys could be reduced to the level now existing in the prosperous south-east of England...

Triumph Business Systems in Merthyr Tydfil, who says not only is the workforce first-rate but there is virtually nowhere in the county that is more than 30-35 minutes from the M4 motorway...

Unemployment

As of 9th February 1989



people in Aberdare, in the Cynon valley, know little and care less about what is happening in Treorchy (Rhondda) to the west or Treherald (Taf) to the east.

focus attention on the valleys to help regenerate them. Last June, appropriately in the Rhondda, he introduced a three-year programme of action designed to improve economic, environmental and social conditions.

Mr Walker decided to pump more money in through an up-graded factory building programme, increase the amount being spent on derelict land clearance and give more money through the various programme towards local projects.

Patrick Walker has taken a small amount of extra government money, rolled it around with a list of proposals, almost 50 in all, some new, some 'enhanced' to bring new economic and social life to the area.

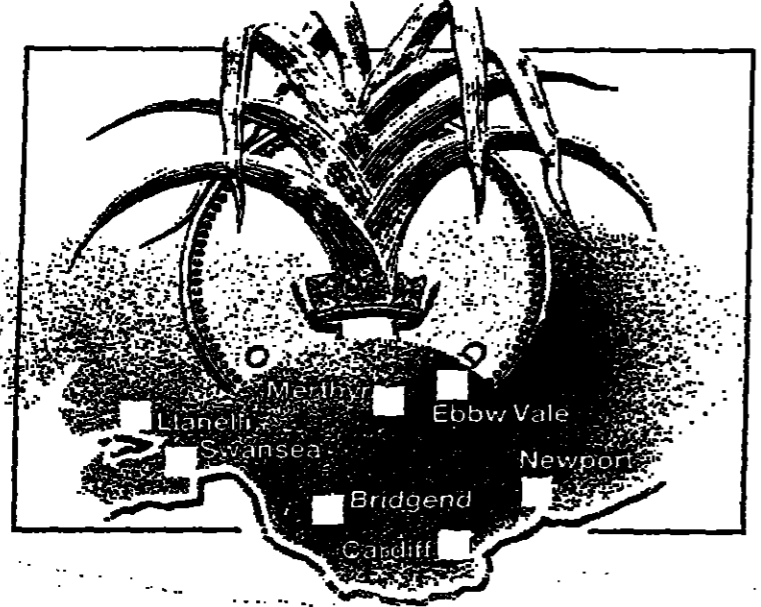
Table: MID GLAMORGAN COLLIERIES. Columns: Colliery Name, Output (tonnes), Manpower. Rows include Deep Navigation, Merthyr Vale, Penallta, Taf Merthyr, Tower/Marby, Treherald.

Table: JOB LOSSES IN MID GLAMORGAN COAL INDUSTRY 1984-1988. Columns: Industry, 1984, 1988, Jobs lost, % Job loss. Rows include Deep mines, Smokeless fuel, Total.

als, almost 50 in all, some new, some 'enhanced' (to use the language of government), to bring new economic and social life to the area.

terly. After six months, he reported, "much progress is being made, change is taking place at a great pace."

An export services adviser, also specifically for the valleys, had been appointed; five export advisory clinics held and another 17 planned.



REALISE YOUR POTENTIAL IN WALES THE LOW INTEREST LOAN SCHEME FOR GROWING BUSINESSES British COAL enterprise

INFRASTRUCTURE

On the right track

PERHAPS THE most remarkable revival that is taking place in Mid Glamorgan at the moment is the rediscovery of the railways. It is on a small scale, but it is one of the elements that is helping bring new economic life to the county.

At the same time, Mr Walker incorporated into his programme private schemes that had already been planned, or even started, by the private sector.

Journeys along the narrow, built-up roads from south to north have long been notoriously difficult. Not long ago, for instance, it could take well over an hour to travel the 25-mile journey from Cardiff to Merthyr Tydfil.

MERTHYR TYDFIL BOROUGH A GREAT PLACE FOR EVERYONE. For industrialists - Good road, rail and air links... For tourists - The heritage of the former iron capital... For residents - A wide range of housing and excellent shopping...

GSP HELPING TO PUT MID GLAMORGAN ON THE MAP. We are proud to have created the advertising, literature and new corporate design for the Mid Glamorgan Business Development Team.

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WHITBREAD WALES ARE PROUD OF THEIR INVESTMENT IN Mid Glamorgan Never forget your Welsh IN YOUR WHITBREAD LOCAL

FORTHCOMING SURVEYS WALES AND THE SOUTH WEST The Financial Times proposes to publish the following surveys during the course of this year.

AB ELECTRONIC PRODUCTS GROUP THE SOURCE OF PROFESSIONAL ELECTRONICS AB is a family of companies serving the electronics market with components, systems, products and services.

Handwritten note in Arabic script: كلنا من الاصل

MID GLAMORGAN 3

Ribbons Long, painful recovery

FOUR YEARS ago Ribbons was on the floor, being run by a receiver before being put into the hands of a liquidator. Then known as W Ribbons it had too many employees and too little modern machinery.

Delyn Packaging Saved by the snow

THE DAY the roof fell in was the day Delyn Packaging was saved. For about eight years Delyn, two-thirds of whose output had been in printed cardboard products, had been operating against a background of rising costs in a cut-throat sector.

The county's business profile has changed dramatically in recent years. Anthony Moreton looks at some of the leading players

High-tech replaces high stack

The popular conception of industry in Mid Glamorgan is a misconception. It is no longer filled with coal mines and steelworks; coal is reduced to 3,600 men in six pits, there is no steelworks in the county.

Triumph Living up to its name

TRIUMPH IS one of the leading concerns in the office-equipment field. It has reached this position on the basis of a straight-forward philosophy: sell exclusively to the trade;

Apollo Group to watch out for

IT IS not easy to find Apollo's factory in Penygraig, deep in the heart of the Rhondda valley. But the geographic location has not been any hindrance to the company, which is the largest manufacturer of leather watch straps in Britain.

Rockwool Major player in from the cold

ROCKWOOL is an immigrant. It arrived in Pencoed, outside Bridgend, just 10 years ago, Welsh offspring of a privately-owned Danish parent, and has already captured a third of the British insulation market.

Group turnover is forecast to rise to £16m this year. Triumph now occupies some 400,000 sq ft and as the plant is sitting in a 26-acre site there remains ample room for expansion.

Delyn Packaging Saved by the snow

THE DAY the roof fell in was the day Delyn Packaging was saved. For about eight years Delyn, two-thirds of whose output had been in printed cardboard products, had been operating against a background of rising costs in a cut-throat sector.

Align-Rite West Coast link

ALIGN-RITE is probably unique. Few companies can have transferred their international headquarters, as it has done, from Burbank California to the UK: almost certainly, none has switched from Burbank to Bridgend.

Advertisement for Land Authority for Wales. Text: 'If you are buying or selling Welsh land; investing in or developing Welsh property, for Industrial, Commercial or Residential use We can help you to do so more efficiently. Speak to us first.'

Advertisement for Rockwool Insulation Products. Text: 'THIS YEAR ROCKWOOL LIMITED CELEBRATES TEN SUCCESSFUL YEARS IN MID GLAMORGAN. Rockwool is a leading European developer of insulation materials and techniques, manufacturing a complete range of Thermal, Fire and Acoustic Products.'

Advertisement for Vale Castings Limited. Text: 'Vale Castings Limited, Penygraig, Mid-Glamorgan, CF7 9YN. Tel: 0443 224328 Fax: 0443 237882. High quality aluminium castings in both gravity and high pressure.'

Advertisement for Natural Beauty Products Ltd. Text: 'Natural Beauty Products Ltd Body Reform. MANUFACTURERS OF REFORM NATURAL COSMETICS. SKINCARE, HAIRCARE, BODYCARE. CERTAIN OVERSEAS MARKETING AND LICENSING RIGHTS STILL AVAILABLE.'

Advertisement for CYNON VALLEY. Text: 'INDUSTRIAL LAND FROM £30K PER ACRE INVESTMENT AND INNOVATION GRANTS MODERN FACTORIES LOW INTEREST LOANS. There's a great deal on offer in the Cynon Valley!'

Advertisement for Design and Build. Text: 'A. Monk Building & Civil Engineering Ltd. has an enviable reputation for quality and reliability relating to the Design and Build of Factory/Industrial Buildings, Warehouses, Offices and Retail/Business Parks.'

Advertisement for Blackwood - South Wales. Text: 'Hawtin COMPREHENSIVE INDUSTRIAL / BUSINESS PARK DEVELOPMENT ON AN 80 ACRE SITE. Serviced Sites and Bespoke Units Available. ALL ENQUIRIES CONTACT BETTIE AGENT.'



Advertisement for Wales. Text: 'Tell me where my company can expand unhindered. You're boxed in. Your company is truly limited. You can't service new customers, so they go to your competitors. Staff morale is low and productivity is suffering. Relocating to Wales is one answer to this problem. Because, apart from our financial assistance, our vastly improved communications and our clean, fresh environment, the one thing we have in abundance is space. Room to move, freedom to expand. We have well-situated factories and workshops of all sizes, ready for occupation. We have acres of greenfield sites awaiting development. So if you'd rather open up your business than close it down, call Anna Prokic on Cardiff (0222) 222666. Or send off the coupon. Why wait? New customers won't.'

MID GLAMORGAN 4

A high level of industrial activity is creating uncommon problems

Trend that belies the image

NEXT YEAR the Welsh Development Agency (WDA) will be spending more than £50 on property development. A large proportion of that will go to Mid Glamorgan, but one of the reasons for it is not perhaps the most obvious. Although the area has a public image of severe recession caused in particular by the decline of heavy industry, one of its present problems is in fact caused by the high level of industrial activity. According to Mr Alan Brown, the county's business development manager: "The days when we had many new industrial estates with empty factories are long gone. We are now actively looking to both public and private developers to build more factories to satisfy the strong market demand. At the moment market demand is not being met." That is a view confirmed by the WDA's property director, Mr Ian Rooks. "Even with speculative building a lot of our property is pre-let before it is

completed. We rarely have empty factories these days." In part of Mid Glamorgan the reason for this is fairly clear. The south of the county is within easy reach of the M4 and is therefore particularly attractive to industry looking to establish itself or to expand. The presence of companies like Ford and Sony in Bridgend is testimony to that. One of the first of Britain's trading estates, at Treforest, might have seemed a little remote from the great industrial centres when it was built before the war. Now it is 10 minutes from the motorway and in recent years £10m has been spent on improving it. Now the WDA wants to develop a further 91 acres next

to Treforest, on the site of the old Nantgarw colliery. Mr Rooks is confident that this can be a very significant development. "By any standards we would argue that Treforest is a success story. Nantgarw will be a major strategy site serving both Cardiff and the South Wales valleys." And while this might be one of the most important and attractive developments, there is activity all over the county. Bridgend, Merthyr, Llantrisant, the Rhondda, Rhymney and Bedwas are among the places where sites and buildings are being made available. There are two factors currently stimulating demand and general activity. One is the

increasing interest of companies from outside Wales looking for somewhere with the space, communications and labour force that will allow them to develop successfully. The other, according to Mr Rooks, is the success of companies which moved into the area some time ago. "What is happening now is that companies who came in during the 1970s and the early 1980s are now setting out on their second or third phase of development." The sheer range of activity is remarkable, with premises from 500 sq ft to 400,000 sq ft being made available. Ready-built factories are one arm of the strategy but so are bespoke factories for specific clients as well as sites on which they can carry out their own developments. The increasing attractiveness of the area is shown by the way in which rents have risen in the areas which are most attractive to industry. In the M4 corridor new factory space is around £3.50 a square foot. Further north in the county, though, the land values and rents tend to fall, although the gap is diminishing.

The WDA and the county council are now looking to the private sector to become more involved in development, particularly as the area becomes commercially more attractive

Valley Initiative!
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Rhondda
RHONDDA BOROUGH COUNCIL
Contact Tony B. Roberts,
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Telephone: (0443) 434551



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A new role for King Coal

TOURISM

MID GLAMORGAN is trying to attract people back again — this time not workers for its once dynamic coal and iron industries but tourists. The county is putting its unique industrial history to work alongside the more natural lure of scenic mountains, wild moorlands, an unspoilt coastline and the majestic Brecon Beacons which grace its doors. Rhondda heritage park, an ambitious project, best shows a proud community's determination to mark its valley's leading place in world industrial history and at the same time make a future from the past. With male unemployment still at nearly 16 per cent, the area is desperate to stimulate its economy and create new jobs after years of declining heavy industry. The closure in 1983 of Tu Mawr-Lewis Marthur colliery near Pontypridd first jolted local authorities into action to retain some reminder of the industry which shaped so much of the valley's history. This summer the Heritage Park's first stage, a visitor centre, will open on the site as work gathers pace to repaint rusted winding gear, restore derelict colliery buildings and make a start on recreating a mining village. With more than £2m in urban programme funding already earmarked for the first three years' development, the entire park is scheduled for completion in 1993, with hopes of attracting an estimated 250,000 visitors a year, creating 300 jobs.

Merthyr Tydfil, the very cradle of the first Industrial Revolution, is now vying to become the tourism capital of the South Wales valleys. A museum of iron-making, three new hotels and an 80 km scenic "green route" for cyclists and walkers to enjoy the Taff Valley between Cardiff and the Brecon Beacons are now under way. Snowdonia, a £1.25m project on the mountainside at Tredeyriw is, at 400 metres, the longest artificial slope in Britain and is drawing crowds of regular skiers from the Midlands, West Country, Yorkshire and London. A new nine-hole golf course is being built nearby. Merthyr Borough is also developing Cwrtartha Castle, home of the Crawshaw family iron dynasty, as a major historical

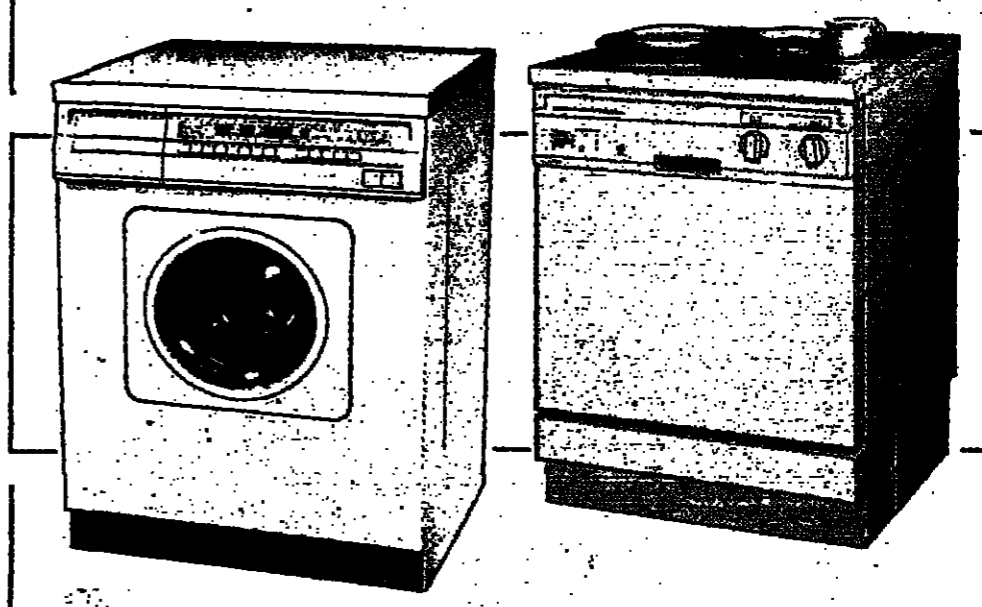
showpiece. The Wales Tourist Board, committing £1m to aid new projects in the valleys, believes Mid Glamorgan tourism will reap major advantage from recently improved road and rail links. "Part of the strategy is to encourage people to revisit the valleys, to see for themselves the dramatic transformation that is taking place," says Mr Don Evans, the Board's marketing services manager. "We believe areas like Mid Glamorgan have a unique potential. Local authorities have grasped that and are putting forward exciting schemes." With pressure already growing for more tourist accommodation, Whitbread Wales has taken a lead with a three year £14.5m investment programme to improve facilities at its pubs and hotels in the valleys. In a pilot scheme, 2500,000 was spent on seven pubs. "For too many years people have turned their backs on the valleys. We believe the reverse is now happening and the valleys offer an outstanding opportunity for growth," says Whitbread's tenanted trade

director Mr Allen Owen. On the Mid Glamorgan coast, developers are keen to invest in the county's more traditional tourist area — Porthcawl, for generations of miners the seaside "jung" of the valleys. A public inquiry has just concluded into plans by Wimpey Homes (Holding) for a marina and harbourside village of up to 350 homes on a 74 acre site, taking in the existing harbour basin and promenade. The First Leisure Corporation, which has acquired the nearby Trecco Bay caravan park, has so far invested more than £5m in upgrading the 150 acre site, one of the largest in Europe with space for nearly 3,000 caravans. The magnificent Brynagarw County park near Bridgend, Ogwr Borough's latest amenity, attracted 85,000 visitors last year in only its second. The borough's 150,000 population rises to 200,000 during the tourist season, a measure of the importance of tourism to the county's economy.

Brendan Berry

THE BEST FROM WALES AND HOOVER

The latest WASHING MACHINES and DISHWASHERS

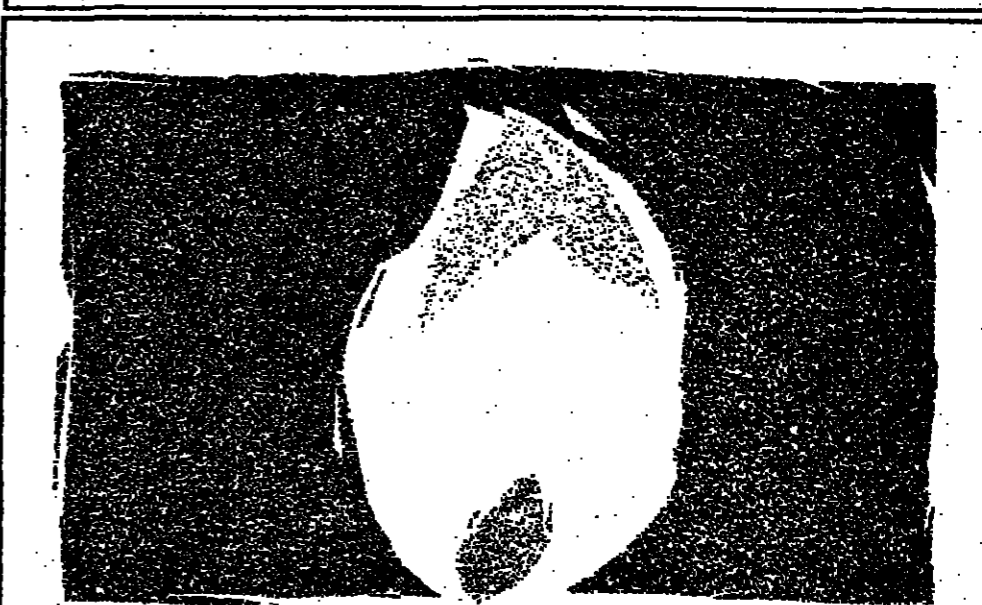


Hoover are the leading manufacturers of white goods in the UK, and have long been in the forefront of washing machine design.

The HOOVER 'Computer Logic' 1300 is the most advanced automatic you can buy - over 40 programme options, computer memory, large 5 kg capacity.

Now Hoover have just begun production of a British made dishwasher range at their plant in Merthyr Tydfil, Mid Glamorgan. Two completely new 'Crystaljet' models set to establish the company as a leader in yet another market - one which is set to become the growth market of the 90's.

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Sensis: But the ultimate benchmark for any successful company is the client list.
Sharp: Our long list of satisfied 'blue chip' customers is testament to the quality and service we offer.
Sony: Little wonder we're racing ahead in the electronics field.
Star: If you have any enquiries please telephone: (0443) 237566.
Tandata
UK Atomic Energy Authority



CONSTRUCTION CONTRACTS

£80m for A. McAlpine

ALFRED McALPINE has been awarded a further £80m worth of contracts recently with nearly £40m being placed by the private sector.

The largest is a £12m campus office development of over 200,000 sq ft at the Croxley Centre, Watford, for The Standard Life Assurance Company.

Architects predict boom

By Andrew Taylor, Construction Correspondent

PRIVATE ARCHITECTS received a record of almost £13m new commissions in the final three months of last year, according to a survey by the Royal Institute of British Architects.

The institute said commissions were 27 per cent higher between October and December than during the previous three months.

questioned 5000 architectural practices about the outlook for work during the next six months.

Thirty per cent of firms said they expected commissions to increase, 57 per cent expected workloads to remain stable, and 13 per cent expected work to decline.

It still expected workloads to remain above 1987 levels. It said office development work won by architects could fall by 15 per cent during the next 12 months, with speculative developers at risk of becoming financially over-stretched.

The distribution of large projects (£500k+) shows an increasing number outside the South East



Table: Architects Predictions By Region. Columns: Region, %up, %stable, %down, balance. Rows: London, South East, Midlands, South West, Wales, North, Scotland, Ulster, Total.

Mowlem builds a park

Over £10.5m orders have been awarded to MOWLEM REGIONAL CONSTRUCTION including Everton Park Phase IV for the City of Liverpool and Merseyside Task Force.

In Onllwyn, Mowlem is carrying out a £1m contract for the design and construction of an access road into the Onllwyn disposal point for the British Coal Opencast Executive.

Shand Committed to Construction. Shand Construction Ltd. Shand House, Mallock, Derbyshire DE4 3AF. Tel: (0629) 734441

Scottish bank job

F J C LILLEY, the Glasgow-based construction and property group, has received orders totalling £18.4m.

Melville, Dundas and Whitson, Lilley's Glasgow based building subsidiary, has won a £7.1m contract to build a sorting office at South Gyle, Edinburgh for the Bank of Scotland.

Fairclough builds hotel

FAIRCLOUGH BUILDING has won over £7m worth of construction business in the Cardiff area.

The largest of three projects is the Cardiff International Hotel on the World Trade Centre site, for the Brent Walker Group.

Security installation in Greenwich tower blocks

London building contractor MANSELL has won a variety of contracts totalling more than £22m for refurbishment, repair, new build, maintenance and minor works.

A £1.1m contract for the London Borough of Camden involves re-roofing, external repairs and redecoration of multi-storey flats at St. Silas Street, NW5.

IN BRIEF

SIR ROBERT McALPINE MANAGEMENT CONTRACTORS has been awarded a contract worth £2.5m by Azralhove Investment to build an air conditioned office building at No.1 Love Lane in the City of London.

The British Government, with the assistance of Aid Armenia and of a number of major British firms as co-sponsors, is to equip a school in Leningrad to replace one lost in last year's earthquake.

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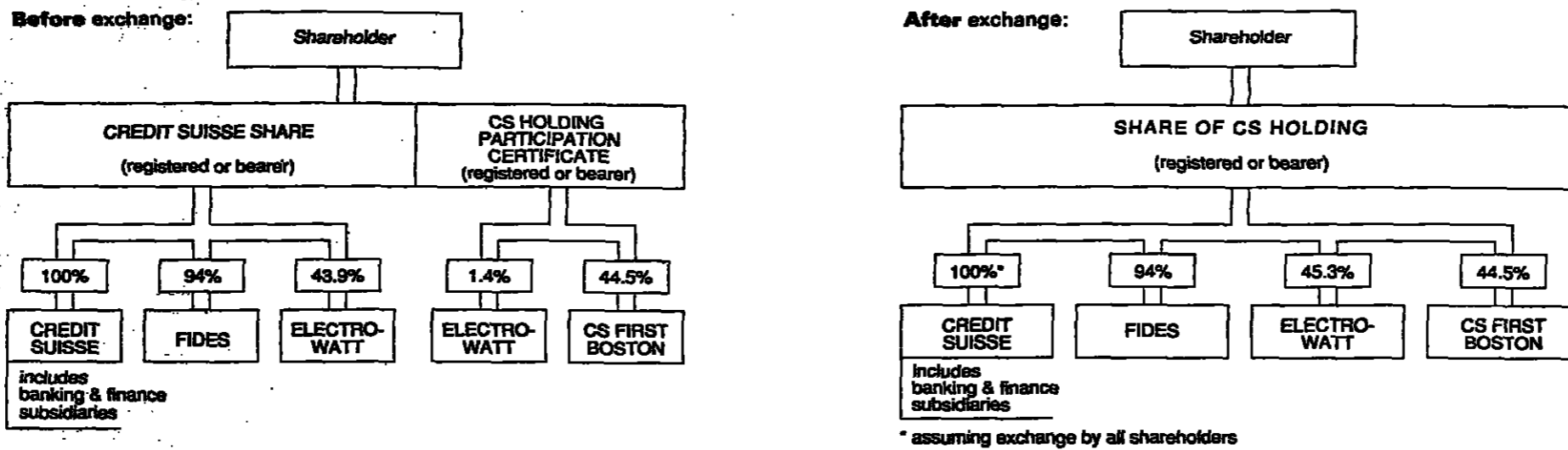
High flyers to get projects off the ground. Important projects need the full-time attention of suitable managers. Our comprehensive register of high calibre, experienced and highly motivated executives provides the right people to help any project to take off. Contact Derek Washington on 01-897 6732. Arthur Young Temporary Executives.

CS HOLDING

Exchange Offer to Shareholders of Credit Suisse

Exchange period: 17-27 April 1989, at noon Exchange ratio: 1 share of Credit Suisse with PC of CS HOLDING = 1.1 shares of CS HOLDING

Restructuring of the CS Group CS HOLDING as the central holding company of the CS Group



The exchange of shares will not have any economic effect on the shareholder's equity interest.

It will merely alter the legal form of his stake in the CS Group. Instead of a Credit Suisse share with an attached participation certificate of CS HOLDING, he will now receive 1 1/10 share in CS HOLDING. Thus the CS HOLDING participation certificates attached to Credit Suisse shares will be transformed into separately tradeable securities (i. e. 1/10 of a new share in CS HOLDING for every existing participation certificate). To put it another way, a shareholder with ten Credit Suisse shares, including PCs of CS HOLDING, will receive eleven new shares in CS HOLDING. Moreover, after completion of the exchange he can take part in CS HOLDING's attractive par-priced rights issue.

The new Group structure

The exchange of Credit Suisse shares with attached CS HOLDING participation certificates for shares of CS HOLDING has the following major advantages for shareholders and for the Group's component companies:

- Simplified Group structure**
The newly structured Group will be organized under a single holding company. Credit Suisse's present non-banking interests in Electrowatt Ltd. and Fides HOLDING will be transferred to CS HOLDING. The elimination of these non-core assets from Credit Suisse's balance sheet will enable the Bank to use its capital even more effectively. Henceforth, Electrowatt Ltd. and Fides HOLDING will be direct subsidiaries of CS HOLDING.
- Increased transparency for shareholders**
At present, ownership of Credit Suisse shares and the attached participation certificates of CS HOLDING gives the investor an equity interest in two legally independent entities. Under the new structure, the investor will be a shareholder in a single company, CS HOLDING, which will operate as the central holding company of the entire CS Group.
The present arrangement under which the equity securities of CS HOLDING exist in the form of participation certificates attached to Credit Suisse shares will thus become redundant. The result will be to simplify the individual shareholder's relationship to the Group without changing his economic interest in the Group as a whole. The new structure will give Credit Suisse shareholders the opportunity to exchange their CS HOLDING participation certificates for CS HOLDING shares and thereby obtain a separately negotiable instrument.
- Basis for future growth**
With this new Group structure, CS HOLDING is well-positioned to meet future challenges in domestic and international markets.
CS HOLDING will now have direct interests in the following sectors: universal banking; investment banking; energy, industry, engineering services and general contracting; trust business, information technology and management consultancy.
The new structure guarantees each individual company the necessary flexibility to operate successfully in its specific field of operations within the context of the Group as a whole. At the same time, each company will be able to develop independently and - where appropriate - to have its own identity. The proposed transaction is a logical next step after the reorganization of the entire CS First Boston Group at the end of 1988.

Consolidated pro forma figures

The following figures assume a 100% exchange and are based on the annual financial statements of the Group's component companies at 31 December 1988.

Balance sheet Consolidated pro forma balance sheet of CS HOLDING (equity method, in Sfr millions)

Assets		Liabilities and shareholders' equity	
Liquid assets	15	Borrowings	1 490
Investments in affiliates	9 220	Provisions	125
Other assets	115	Capital and reserves	
		- Share capital	2 035
		- Reserves	4 930
		Net profit	770
Total assets	9 350	Total liabilities and shareholders' equity	9 350

Net profit and cash flow (equity method)

The consolidated net profit, calculated using the equity method, amounts to Sfr 770 million, with cash flow of Sfr 1.66 billion.

Equity method: The consolidated capital and reserves, net profit and cash flow of the individual companies are credited to CS HOLDING in proportion to the latter's equity interest in each firm (consolidation on a proportionate basis).

Offer of exchange

The shareholders of CS HOLDING and the Board of Directors of Credit Suisse, having passed the necessary resolution for a new CS Group structure at their meetings on 2 March 1989, approve the following Exchange and Subscription Offer and recommend the Offer to the shareholders of Credit Suisse.

- Exchange period: 17 April 1989 - 27 April 1989, noon
- Exchange ratio:

1 registered share of Credit Suisse with a nominal value of Sfr 100 together with 1 registered participation certificate of CS HOLDING with a nominal value of Sfr 10 (certificates without coupons)	for	1.1 registered share of CS HOLDING with a nominal value of Sfr 100 per share (certificates without coupons)
1 bearer share of Credit Suisse with a nominal value of Sfr 500 together with 1 bearer participation certificate of CS HOLDING with a nominal value of Sfr 50 (carrying coupons no. 4 & ff)	for	1.1 bearer share of CS HOLDING with a nominal value of Sfr 500 per share (carrying coupons no. 1 & ff)

If the number of shares of Credit Suisse, with participation certificates of CS HOLDING, submitted by a shareholder for exchange is not 10 or a multiple thereof, the exchange ratio will result in a fractional share of CS HOLDING. As fractions of a share of CS HOLDING cannot be delivered, the person submitting the Credit Suisse shares must then round up or down to the nearest whole share of CS HOLDING. In this context, a fractional share is defined as follows:
1 fractional share = 0.1 share of CS HOLDING

The calculation of the value of fractional shares of CS HOLDING will be based on the average of the closing prices of the shares of Credit Suisse with attached participation certificates of CS HOLDING on the Zurich Stock Exchange during the period 18-21 April 1989; 0.1 share of CS HOLDING will be valued at one-eleventh (rounded up or down to the nearest whole Swiss franc) of the average value of the appropriate class of share of Credit Suisse with attached participation certificate of CS HOLDING calculated as described above.
On 8 May 1989, Credit Suisse will announce binding uniform prices for fractional shares of CS HOLDING (divided into bearer and registered shares) calculated on the basis of the formula set out above.

- Charges**
The exchange will be without charge to persons presenting shares of Credit Suisse with PCs of CS HOLDING for exchange. Swiss Federal Stamp Tax on the issue of the new CS HOLDING shares will be paid by CS HOLDING.
- Withdrawal of the offer of exchange**
CS HOLDING reserves the right to withdraw the offer of exchange if less than two-thirds of all shares of Credit Suisse are notified and deposited for the purpose of the exchange. The decision on such a withdrawal of the offer of exchange will be made known on 9 May 1989.
- Entry in the Shareholders' Register**
All registered shareholders entered in the Shareholders' Register of Credit Suisse as at 10 April 1989 will be entered without reserve in the Shareholders' Register of CS HOLDING after the exchange. Each entry will apply to all registered shares entered in the shareholder's name as at 10 April 1989.

- Certificates**
Delivery of the new shares will be made as soon as possible. The registered shares of CS HOLDING will be issued as certificates without coupons. The bearer shares of CS HOLDING will be issued as individual shares and as certificates for 100 and 1000 shares.
- Entitlement to dividends**
The bearer and registered shares of CS HOLDING resulting from the exchange rank for dividends for the 1988/89 financial year.
- Listing**
An application has been made to all Swiss stock exchanges for admission of the bearer and registered shares of CS HOLDING to listing with effect from 10 May 1989. Listing and trading of CS HOLDING bearer shares on the stock exchanges of Frankfurt and Tokyo will be instituted as soon as possible.
- Acceptance of the offer of exchange/Procedure for shareholders**
Shareholders who wish to accept CS HOLDING's offer to exchange and who wish, on the basis of the new shareholding acquired, to avail themselves of the subsequent offer of rights to purchase CS HOLDING shares at par must fill out and sign the "Declaration of Acceptance and Assignment" form and send it to the bank at which their certificates are deposited to arrive no later than 27 April 1989, at noon for the attention of Watt AG. Shareholders who keep shares of Credit Suisse with attached participation certificates of CS HOLDING at home must fill out the "Declaration of Acceptance and Assignment" form and deposit it, accompanied by the relevant share(s), at a branch of Credit Suisse or at their own bank no later than 27 April 1989, at noon. Registered shares must carry a blank endorsement. Shareholders who do not wish to participate in the exchange transaction and who will therefore be excluded from the subsequent offer of rights to purchase shares of CS HOLDING at par should fill out and sign the appropriate part of the "Declaration of Acceptance and Assignment" form and send it to their bank to arrive no later than 27 April 1989, at noon.
- Absence of instructions**
In the case of any shareholders who have not given instructions in this matter by 27 April 1989 at noon, the shareholder's bank will act in the shareholder's interests.

Zurich, 17 April 1989

Bank responsible for handling the exchange transaction:
CREDIT SUISSE

Rights issue

After the exchange, an offer of rights to subscribe for further shares of CS HOLDING will be made to the shareholders and remaining participation certificate holders of CS HOLDING. Under the terms of this offer, the shareholders of CS HOLDING will have the right during the period from 29 May until noon on 9 June 1989 to purchase 1 new share for every 15 shares of the same class at par. The details of the rights issue will be published in due course after completion of the exchange.

Listing numbers:

133.388	Bearer share of Credit Suisse with PC of CS HOLDING
133.367	Registered share of Credit Suisse with PC of CS HOLDING
162.750	Bearer share of CS HOLDING
162.751	Registered share of CS HOLDING

DIARY DATES

FINANCIAL

COMPANY MEETINGS TODAY:
Causton Group, North Stafford Hotel, Levenson-Turner, 12:00
Deres Estates, Clarendon, Brook Street, W, 12:00
S.E.P. Ind., Clarendon Insurance Institute, 20, Aldersbury, E.C., 11:00
UTG Group, Howard Hotel, Temple Place, W.C., 12:00
Yorkshire City of London, Black Swan House, Cannon Wharf Lane, E.C., 10:30
Yardley, 25, Westbury, Conduit Street, Mayfair, W, 11:00
BOARD MEETINGS:
Consolidated Term Inv. Today
New Northern Property
Miles Worsley
Morgan Crucible
Russett
Rock
Top Value
Travis Perkins
Whitson
Wimborne
Ashley
Crosby Print
Lloyd's Chemicals
Praxair
Starphorpe
DIVIDEND AND INTEREST PAYMENTS:
Abney National B. S. FRN's 2000 £25.17
Lloyds Bank FRN's 1988 £10.50
FRN's Jan 1988 \$27.5
Chester 300s
Hodgson High, 2.5p
Nassau Finance FRN's 1982 \$22.81
Clyde Electronic
Eaton House 2.5p
Trentham 8.5p
Las Service 8.5p
Midland FRN's 2015 \$47.14
St Andrew's 3.25p
Scandian Finance FRN's April 1988 \$42.51
State Bank of New South Wales Ltd
Wells Fargo FRN's July 1987 \$24.18
TODAY'S MARKET:
SICAV
R.C. LUXEMBOURG B 25254
R.C. LUXEMBOURG B 25478
BOSTON EQUITY INVESTMENT FUND, SICAV
R.C. LUXEMBOURG B 25254
BOSTON U.S. GOVERNMENT INCOME FUND, SICAV
R.C. LUXEMBOURG B 25478
SWEDISH INDUSTRY
The Financial Times proposes to publish a Survey on the above on 5th June 1989
MAGAZINE PUBLISHING
The Financial Times proposes to publish this survey on: 16th May 1989
FINANCIAL TIMES CONFERENCES
WORLD ELECTRONICS
London, 26 & 27 April 1989
CAPITAL MARKETS WORKSHOPS
London, 8 - 10 May and 26 - 28 June 1989

SARAKREEK HOLDING N.V.

Amsterdam
Notice is hereby given that the Annual General Meeting of Shareholders of Sarakreek Holding N.V. will be held on Tuesday, 2nd May 1989 at 11 a.m. at the Pullman Hotel Schiphol, Oude Hageweg 20, 1066 BW Amsterdam.

EXPORT FINANCE

The Financial Times proposes to publish a Survey on the above on 1 JUNE 1989
For a full editorial synopsis and advertisement details, please contact: EDWARD MACQUISTEN
on 01-873 3300 or write to him at: Number One, Southwark Bridge London SE1 9HL

BOSTON EQUITY INVESTMENT FUND, SICAV
R.C. LUXEMBOURG B 25254
BOSTON U.S. GOVERNMENT INCOME FUND, SICAV
R.C. LUXEMBOURG B 25478

PARLIAMENTARY

Today
Commons: Dock Work Bill, second reading. Motions on Housing (change of landlord) regulations and Education (National Curriculum) (attainment targets and programmes of study in mathematics) and (science) orders.
Lords: Water Bill, second reading.
Select committees: Public accounts: Subject, National insurance fund and social fund; quality of services at local offices of Department of Social Security.
Wednesday
Commons: Debate on SLD motions on investing in the future, and on care in the community.
Lords: Debates on foreign affairs and defence, and the social fabric of Welsh-speaking communities.
Tuesday
Commons: SDP motion on commercialisation of National Health Service. Motion to take note of EC documents on the single market.
Opposed private bill.
Lords: Official Secrets Bill, report stage.
Commons: Transport Bill, second reading.
Lords: Transport Bill, second reading.
Wednesday
Commons: Debate on SLD motions on investing in the future, and on care in the community.
Lords: Debates on foreign affairs and defence, and the social fabric of Welsh-speaking communities.
Tuesday
Commons: SDP motion on commercialisation of National Health Service. Motion to take note of EC documents on the single market.
Opposed private bill.
Lords: Official Secrets Bill, report stage.
Commons: Transport Bill, second reading.
Lords: Transport Bill, second reading.

SWEDISH INDUSTRY
The Financial Times proposes to publish a Survey on the above on 5th June 1989
For a full editorial synopsis and advertisement details, please contact: Chris Schaanning on 01-873 3428 or Gillian King on 01-873 4823 or write to them at: Number One, Southwark Bridge London SE1 9HL

BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV
BOSTON INCOME INVESTMENT FUND, SICAV
BOSTON PACIFIC GROWTH INVESTMENT FUND, SICAV
BOSTON LIQUIDITY MANAGEMENT FUND, SICAV

Trade Fairs and Exhibitions: UK

April 17-21
International Maritime Exhibition - EXPOSHIP LONDON (0206 45121)
Barbican Centre
April 23-28
The London International Furniture Show (01-576 8215)
Earls Court
April 25-27
British Electronics Week (0799 2868)
Olympia
April 29-May 1
National Classic Motor Show (0344 486385)
NBC, Birmingham
May 7-9
British Craft Trade Fair (0382 867153)
Exhibition Centre, Harrogate
May 16-18
Energy Exhibition (0895 421111)
NEC, Birmingham
May 18-30
Scottish Money Show (01-940 2344)
Exhibition Centre, Glasgow
May 19-21
National Franchise Exhibition, including Other Business Opportunities (01-727 1529)
Olympia
May 23-28
Chelsea Flower Show (01-834 4333)
Royal Hospital, Chelsea

Overseas Exhibitions

Current
Great April Fair (Milan 4997 298) (until April 23) Milan
April 17-22
Office Equipment, Data Processing & Software Exhibition - SICOB (01-225 5565) Paris
April 25-29
Office and Communications Technology Exhibition - IFABO (01-977 9474) Vienna

Business and management conferences

April 18-19
American Tax Institute: Euro-American mergers and acquisitions, a US tax update (01-935 7502)
Portman Hotel, London
April 25-26
Acquisitions Monthly: Buying and selling unquoted companies (01-833 8740)
Le Meridien Hotel, London
April 26-27
FT Conferences: World electronics - Europe's role in an international industry (01-935 2323)
Hotel Inter-Continental, London
April 26-27
CBI Employee Relocation Council: Managing relocation - conference and exhibition (01-875 7000)
Crest Hotel, Coventry
April 27-28
Cahiers de droit européen: Towards an internal market of financial services - banks, insurance companies, securities (02/67.07.40)
Brussels
April 27-28
Hudson Research International: Europe 1992: Insiders versus outsiders? (Paris (331) 45 55 02 13)
Sheraton Park Tower, London
May 8
FT Conferences: World rail - Service and profit (01-935 2323)
Hotel Inter-Continental, London
May 8-10
The Textile Institute: International forum (061 884 8457)
Harrogate
May 9-10
FT Conferences: Transport links with the Continent - collaboration to meet the challenges of future growth (01-925 2323)
Rotal Inter-Continental, London
May 10-11
International Business Communications: International money and capital markets 1989 (01-236 4080)
Cafe Royal, London
May 12
Hawkmere: The Companies Bill (01-624 8257)
Bilton Hotel, London
May 15-16
FT Conferences: European banking (01-925 2323)
Venice
May 18
Centre for European Policy Studies: Business policy seminar - Energy policy options for the European Community (02/613.40.88)
Brussels
May 19
Gouldens/Institute of Directors: The life and death of a company (01-583 7777)
116 Pall Mall, London
May 22
International Business Communications: Offshore funds - a time of change (01-236 4080)
City Conference Centre, London
May 23-24
Scottish Electronics Technology Group: European financial self-service conference and exhibition (0282 313203)
Sheraton Hotel, Edinburgh
Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes to the details published

FINANCIAL TIMES CONFERENCES

WORLD ELECTRONICS
London, 26 & 27 April 1989
Contributors include Frans Andriessen, Vice President, Commission of the European Communities; Gerrit Jeeleof, NV Philips's Gloeilampenfabriek; Vittorio Cassoni, Ing C Olivetti & C SpA; Jean Callot, Chairman of the French Electronics Industries; Jacques Noels, Nokia Consumer Electronics International SA and Hans Gissel of AEG Aktiengesellschaft.
CAPITAL MARKETS WORKSHOPS
London, 8 - 10 May and 26 - 28 June 1989
In 1988 the Financial Times and Price Waterhouse joined forces to arrange a highly popular series of capital markets workshops. The Workshops provide intensive training for small numbers of individuals and a further two are planned this Spring. The programme provides detailed coverage, supported by case studies of capital markets activities, ranging from underlying concepts through the specific markets and instruments, to practical guidance on key aspects of management and control of the business including operations, risk management and performance measurement.
EUROPEAN BANKING CONFERENCE
Venice, 15 & 16 May 1989
Two years ago the Financial Times arranged a highly successful European Banking Forum in Milan. On May 15 and 16 the FT returns to Italy for a further meeting in this series, which will be co-sponsored by La Stampa and ABI - the Italian Bankers' Association. Another excellent group of Italian speakers has accepted our invitation to participate and the contributors from the rest of Europe and from the United States cover a wider range of subjects than was the case in 1987. Banking in the Single European Market is one of the principle themes at this year's Forum.
The conference will be chaired by Win Bischoff, Chairman of Schroders and Professor Mario Monti from Bocconi University and speakers will include: Professor Giuliano Amato, the Italian Treasury Minister; Jean-Yves Haberer of Crédit Lyonnais; Anthony Solomon of S G Warburg Inc; Hans-Jörg Rudloff of CSFB; Emilio Botin of Banco Santander; Geoffrey Fitchew, Head of DG XV in Brussels; Sergio Pininfarina of Confindustria; Francesco Paolo Mattioli of Fiat; Professor Norbert Walter of Deutsche Bank; Robin Hutton of the British Merchant Banking and Securities Houses Association and Samuel Brittan from the Financial Times.
All enquiries should be addressed to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4JL. Tel: 01-925 2323 (24-hour answering service)

THE QUEEN'S AWARDS FOR EXPORT & TECHNOLOGY
FRIDAY APRIL 21st 1989

Having been the proud recipients of Queen's Awards on three occasions, we have pleasure in inviting all those who are being honoured this year to take this opportunity to advertise their achievements in the pages of the Financial Times.

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Justine Lito

LEGAL COLUMN

Solicitors briefed on crucial role of training

By David Churchill

AS SOLICITORS come to terms with the new competitive world facing them in the 1990s, how much attention do they pay to the crucial role of training and education of existing staff? Increasingly, the answer seems to be that more and more top firms of lawyers are recognising training and development as a vital part of practice development.

However, training in firms of solicitors does not now merely involve keeping solicitors up-to-date with what is going on in the legal world but also includes extra emphasis on marketing. Special courses, for example, are being introduced increasingly in communication skills, stress management, presentation techniques and other marketing methods.

Mr John Pickering, a staff partner at the Sheffield firm of Irwin Mitchell, said: "We recognise the importance of training and education in light of the challenges of a highly competitive legal profession. We have already developed our own training programme and sought external advice on its future modification and implementation."

There appear to be three main routes through which legal firms provide for their training needs.

Firstly, through the use of a full time in-house training and education officer who has total responsibility for all the train-

ing needs of the firm. Mr Ian Cooper, of the Leeds-based specialist marketing consultancy Ian Cooper Communications, said: "It is my understanding that there is almost a professional body now of training and education officers working in solicitors' practices and the demand for such individuals outstrips the supply."

'Client education is likely to assume even greater importance in the 1990s'

Secondly, through training being provided by one individual to a group of firms. Mr Robert Neville, partner in the City firm of Kingsford Dorman & South Stacey, said: "We have considered the training issue within the firm and decided that it was not cost effective to appoint a training officer on our own - but we may possibly do so as a joint venture with other legal firms."

Thirdly, more and more firms are looking to use external specialist training organisations for various training needs.

Mr Donald Thompson, the partner responsible for train-

ing and education at West Country Solicitors Stephen & Scown, said: "We recently supplemented our in-house training by bringing in a specialist consultancy to improve our fee earners' marketing and communication skills."

Mr Martin Edwards, a partner in Liverpool and Manchester-based Mace & Jones pointed out that "any member of our staff who attends a lecture or seminar is asked to give an in-house presentation on the subject afterwards to his or her department."

He added: "This is not only a useful aid to learning and a way of spreading knowledge throughout the firm but also effective in developing vital communication skills."

One legal firm which has embraced the training function is Hammond Suddards from Leeds. The firm has employed Mr Ian Austin as full-time training officer and he sees his role as not only covering internal training but also client education.

He said: "Client education is likely to assume even greater importance in the 1990s. A knowledgeable client will be more likely to be better disposed to his or her lawyers."

NOW THAT more than half of the current intake of solicitors are women - many of whom

practise in country areas and as sole practitioners - the views of the Association of Women Solicitors are even more relevant.

The association, not surprisingly, is concerned at the effect of the proposed reforms of the legal profession outlined by the Lord Chancellor in three green papers earlier this year.

In particular, the association is worried about the impact of the reforms on general practice, particularly in rural areas. It said: "We would question whether there would be enough lawyers to provide the specialist services envisaged in such areas."

The association believes that "there is a dichotomy between the Government's espousal of the cause of small businesses and the likely effect of the green paper reforms which would be to cut down the scope for the general legal practitioner, for whom specialisation may be inappropriate, to continue working on his or her own or in a small practice."

It stressed that the public image of lawyers is not a good one, but that their service was further-reaching than usually imagined by the general public. It said: "This is particularly reflected in the personal service of conveyancing and, apart from the very real concern about conflict of interest, we are worried that

lending institutions will not offer either a personal service or an independent one."

A NEW independent, consumer-orientated board to investigate complaints against solicitors is called for by the investigation committee of the Solicitors Complaints Bureau.

In its response to the green papers, the committee, which has a predominantly lay membership, said that a new complaints board should be a "true consumer body" with the

power to compensate a complainant (up to a limit of £2,000) for the consequences of professional misconduct, inadequate services, or administrative incompetence.

Ms Jean Horsham, chairman of the committee, said that the present complaints bureau was only a half-way house. "The way forward is through a complaints board which is independent of the Law Society. Its function would be to investi-

gate complaints against solicitors where there was some element of compensation involved whether by a reduction of fees or by a financial remedy beyond that."

She added: "This would be a true one-stop complaints handling, as all complaints about solicitors, including complaints about costs and charging, would be received and investigated by the new Board."

LAWYERS ACTING for the 15 victims of Legionnaires' Disease at the BBC last year have agreed to co-ordinate their work in pursuit of compensation claims for their clients.

All of the 15 victims were in hospital, some for more than two months, as a result of contracting the disease.

Mr William O'Brien, a partner in the London firm of Russell Jones & Walker which is co-ordinating the compensation efforts, said: "There are great differences in the tactics being adopted by the BBC and its insurers with each solicitor acting for victims of the outbreak."

He added: "By working together we can make certain that our clients are properly compensated for their suffering from a disease whose outbreak is known to have been caused by the cooling tower at Broadcasting House."

McCANN FITZGERALD

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The way forward is through a complaints board which is independent of the Law Society

power to compensate a complainant (up to a limit of £2,000) for the consequences of professional misconduct, inadequate services, or administrative incompetence.

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LAW SOCIETIES ADMISSIONS 15TH APRIL 1989. Table listing names of individuals admitted to various law societies across the UK, including the Law Society of England and Wales, the Law Society of Scotland, and the Law Society of Northern Ireland.

ALPS ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD. GROUP LEGAL MANAGER. BUCKINGHAMSHIRE. £32,000-£45,000 + CAR. We invite applications from young qualified lawyers, aged 28-38, with at least 2 years post qualification professional or corporate experience.

MANAGEMENT

Over the past decade, International Thomson Organisation (ITO) has earned a well-deserved reputation for acquisitiveness. The Canadian-based diversified publishing and travel services group has made some 60 separate purchases since 1979 in US specialty publishing alone.

Less well-known is that the company, which is shortly to be merged with Thomson Newspapers and renamed simply The Thomson Corporation, has become one of the most prolific creators of new products in the publishing industry. More than \$100m was spent on new product development in the last financial year — about four times the 1985 figure.

Until recently, this expenditure was concentrated in the specialty publishing field, where Thomson's stable of titles ranges from the Jane's series of defence publications to Oncology and Biotechnology News. The decline of the UK print unions and subsequent re-equipment of the group's 120-strong quiver of UK regional newspapers has permitted a spate of product development in this area as well. The past year has seen the launch of three paid-for Sunday newspapers in Wales, Scotland and Northern Ireland, and about a dozen free newspapers. A new daily newspaper is planned for Chester.

"We believe that as much growth as possible should be secured by creating product," says Michael Brown, 53, the spy Englishman who has been president of ITO since 1985.

The basis of this conviction is essentially twofold. First and foremost, there are the lofty multiples assigned by would-be buyers to established publications. "If a well-established evening newspaper were to become available, what would you pay for it in Britain?" Brown asks rhetorically. "Twenty, twenty-five times earnings? Thirty times? Isn't it so much better to pay the entry fee in a tax deductible form (development costs are tax deductible), accept the fact that there will be delays and cost over-runs, and that when you launch 12 papers two don't work so you write them off? Then look at what you have got in nine years' time."

Second is the opportunity to build overall market share — particularly in fields where attractive acquisition targets are not readily identifiable. As Brown points out, a good proportion of the publications that will be at the head of the pack in the year 2000 have yet to be



Michael Brown: expects people to take a "contained risk"

A committed creator

David Owen explains Thomson group's prolific rate of new publication launches

conceived and created. "If we have, say, a 10 per cent market share of current product why should we only have 10 per cent of new product?" he asks. "Why shouldn't we have 50 per cent? And if we do have 50 per cent, by definition, we then pull up our overall market share dramatically."

A third subsidiary reason for this emphasis on new product development at Thomson is simply that it makes senior executives' lives more interesting. "It's boring running a company that is standing still," observes Nigel Harrison, ITO's vice president-finance. It should be added that the Thomson companies can afford the luxury of making mistakes in a way that many of their competitors cannot, since they are family-controlled (by the second Lord Thomson of Fleet) and hence immune from hostile takeover. "If one of our major new projects fails," says Brown, "we will have egg all over our faces: I will look a fool. But no predator is going to take us over."

Recognising the benefits of new product development and instilling the management culture necessary to foster the process in an organisation as large as Thomson are of course

two very different matters. This is particularly so when the short shrift Brown gives to the so-called advantages of synergies in the publishing industry have resulted in an exceptionally decentralised corporate structure. Head office staff for a group that had revenues last year of \$3.7bn number just 40 people. Only the very largest projects require central approval.

As a result, many details of strategy, such as the structuring of executive pay packages and the manner in which areas of potential opportunity are pinpointed, vary greatly from division to division. Nevertheless, Brown enumerates certain guiding principles which together form a blueprint for encouraging creative thinking throughout the organisation.

First, annual targets are set which mandate a given percentage of a division's revenues to be ploughed back into new product development. Managers who fall behind budget are pestered remorselessly. "Some of our companies are still not spending enough on new product," says Brown, "and the chief executives know because I am bugging them the whole time."

Second, new product ideas

should be well thought through and researched, and should amount to more than idle speculation. "We expect people to take what we call a 'contained risk,'" says Brown.

Third, if the project is not deemed as having been unduly speculative, there is no reprimand or court martial should it fail, as some inevitably do. "People need to know that their neck is not on the line just because they have a failure," says Harrison. "Once people have really understood that, they have been prepared to step out and take risks."

Fourth, when buying companies from publishing entrepreneurs, ITO takes pains to retain the services of those individuals — and to provide financial incentives for them to continue to create new product in a number of cases, further payments are made based on future levels of profitability and/or revenues. This is pitched at a level that can only be attained by developing new products.

Finally, when it comes to new product, the group is wary of cutting corners on cost. "We provide ample funds for all organic development and cushions as well," says Brown. "If you ask people who have founded publications why they did it, they say 'I was with the XYZ Corporation and I had this idea but they wouldn't support me'."

By hammering away at these principles, Brown and Harrison believe that they are close to institutionalising the process of new product development at ITO. "It is tough to get the mindset going if it is not already there, but once you get it going, it is almost self-fulfilling," they say. "We have new product development departments that are staffed full-time by editors who do nothing else but create new product. They are also finding, they say, that the reputation for development which the group is starting to acquire is helping them to attract scarce creative talent."

If the dauntingly energetic Brown has any regrets about the group's development policy during his four years at the helm, it is that it has not been adventurous enough. It is only recently that high-risk ventures such as the regional Sunday newspapers in the UK and the launch of IIX — a new electronic delivery systems product aimed at the financial services industry — have been readily undertaken. The extension of families of books and newsletters — a process which Brown describes as "almost a no-brainer" — had previously been the order of the day.

Management abstracts

Recapturing the ultimate weapon: quality. *J R Houghton in Directors & Boards (US), Summer 88 (3 pages).*

An address by the chairman and CEO of Corning Glass Works explaining his organisation's decision to fight Japanese competition by attention to total quality. Summaries steps taken and results achieved; among the former is training shop floor workers in basic statistics.

The camera-ready executive. *J. Stiller in Across the Board (US), Oct 88 (10 pages).*

Contents that a powerful photograph of the CEO can work wonders for an annual report, by reflecting the company's leadership, direction and goals — but only if the CEO, his/her staff, and the report designer work together and agree precisely on what they want the picture to say. Backs up the argument anecdotally and pictorially.

The two best customers in the world. *D V Potter in Business Horizons (US), Sept/Oct 88 (4 pages).*

Advices chief executive officers to use the "two best customers in the world": customers and competitors. Customers, through their buying decisions, advise on value and price; competitors express views on costs through relative profitability, measured by return on investment. Cites numerous examples to drive home the point.

Negotiating with a customer you can't afford to lose. *T C Keiser in Harvard Business Review (US), Nov/Dec 88 (4 pages).*

Contents that the best response to aggressive but important customers is a kind of assertive pacifism rather than joining battle, leaving the field, or compromising. So, what's the difference? Summed up, assertive pacifism means refusing to fight or cave in, but duck, dodge, parry and keep opening new doors to try to draw the customer into a creative partnership to find a solution. For these negotiations, puts forward eight key strategies, such as keep track of the issues (saving the hardest until last), start high and concede low, and don't succumb to emotional blackmail.

These abstracts are condensed from the abstracting journals published by Ashar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+cc) with one year from Ashar, PO Box 22, Westbury 148 8SL.

Chief executives

A very determined breed

Michael Skapinker on the characteristics of top managers

Are British chief executives a breed apart? What distinguishes them from directors who never make it to the top?

Some researchers think they have found at least one of the answers: high achievers are more likely to be eldest or only children. But David Norburn, director of the Imperial College Management School, says his own research suggests that position in the family is of little importance.

The factors which do seem to affect directors' chances of becoming chief executive, he says, include place of birth, education and the number of positions they have held in the same company.

The purpose of Norburn's research was to test the hypothesis that chief executives have different characteristics from the other members of the top management team. Previous research led him to believe that chief executives might differ from other senior managers in three ways.

Backgrounds

He thought that they might have different corporate backgrounds from their top management team — that they might have done different jobs or held different positions. Second, he thought that chief executives and other members of the senior management group might see themselves differently. His third hypothesis was that chief executives would have different personal and educational backgrounds from those of the other directors.

To carry out the research, Norburn wrote to the chief executives of 450 of Britain's leading companies asking whether they would participate along with the three executive directors that they considered to be part of their top management team. A total of 108 chief executives responded, along with 310 executive directors.

On his first hypothesis — that chief executives would have a different corporate background from that of the senior management team — Norburn found that they had been with their companies for longer than the other executive directors.

The chief executives had worked for their companies for a mean period of 26.6 years, compared to the members of the top management team who had been with their organisations for 16.5 years. The chief executives had also worked for fewer corporations than the top management team — 2.5 as compared with 3.2.

Neither of these two conclusions was very surprising. The picture they give of chief executives, however, is of determined people who slowly and deliberately worked their way up through the organisational hierarchy. Their fellow directors, one might conclude, had led more adventurous lives.

Norburn's other findings, however, tend to refute this view. For one thing, the chief executives had worked in a greater variety of managerial functions than the members of the top management team. Most chief executives had also had an overseas posting.

Moreover, the chief executives were more likely than the other directors to have run their own businesses before joining their present companies.

"Rather than being blinkered, the evidence indicates that the chief executive has received a multi-functional, international grooming — an exposure to a greater number of varied corporate situations," Norburn says.

Were the chief executives more industrious than the other members of the management team? Norburn found that they did work slightly longer hours: 52.8 hours a week, compared to the top management team who worked 49.3 hours a week. They also spent a greater number of nights away from home on company business. They did not, however, take shorter holidays than the other directors.

On his second hypothesis — that chief executives would have a different self-perception from that of the senior management team — Norburn found that chief executives did see themselves as more authoritarian managers. He asked all the respondents to rate their management style on a nine-point scale, with one being "completely dictatorial" and nine being "completely

democratic". The median score for the chief executives was four. The score for the other members of the top management team was six.

Unsurprisingly, the chief executives were more satisfied with their careers than the other directors. Given the chance to live their lives over again, the chief executives said that their career choices would be the same. The other directors said that they would do things differently. Many said they had considered self-employment as an alternative to their existing jobs.

On the third hypothesis — that the personal and educational background of the chief executives would be different from those of the senior directors — Norburn found that position in the family and parents' marital status were of little importance.

A more significant factor was where the executives had grown up. The top management team tended to come from Scotland, Wales and northern England. The largest proportion of chief executives — 35 per cent — came from London. As many as 17 per cent of the chief executives grew up outside the UK, usually in some part of the old British Empire.

Education

The chief executives also had different educational backgrounds from the top management team. Despite the current government demigration of arts degrees, Norburn found that a liberal arts education was more likely to get a manager to the top than a science degree. It was the chief executives who tended to have arts degrees; their subordinates were the ones with science degrees.

"The major unifying characteristic which distinguishes the chief executive is exposure to multiple experiences," Norburn says. "In early childhood, the challenge of an urban cosmopolitan or colonial infrastructure. In education, cerebral development of a more general nature by an arts first degree. At the time of occupational entry, rapid exposure to different functions, followed by international commercial exposure."

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Josephine Lito

ARTS



The 1979 Horses of San Marco exhibition at the Royal Academy

Design for looking
Colin Amery on the work of Alan Irvine

Architecture is not just about buildings: a sense of design and an understanding of special complexity equips an architect to design almost anything. Any way, that is the theory. It is certainly borne out in an intriguing display of the work of the English architect, Alan Irvine, currently on show in London at the Royal Institute of British Architects Heinz Gallery, Portman Square, London, until May 18.

It has the style of a certain moment of modern architecture, but because its proportions and materials are so good, it has a lasting elegance. It is fascinating to see the original small model of the room in the room itself.

Here in this room are the seminal exhibitions: The Mellon Collection of British paintings at the Royal Academy (1966); The Age of Charles I (1972) at the Tate; and Pompeii AD 79 (1976); The Horses of San Marco (1979); The Great Japan Exhibition (1981); The Genesis of Venice (1983) all held at the Royal Academy. It is interesting to speculate how much one recalls of the design of these exhibitions and it is to Irvine's immense credit that the memory is one of orderly, clear presentation that did literally "present" the objects to the spectator.

Swan Lake

COVENT GARDEN

We might hope that at its 700th Opera House showing - for so the vulgar and expensive programme book identified Saturday night's performance - Swan Lake would look more like a masterpiece than it does. The dance text is as near ideal as we dare hope in matter of authenticity. But it is so obscured by design and production knock-knocks in Act 1 - within a few minutes we have been treated to bustling peasants, grotesque servants, a general in a mad hat, chaperones, arquebuses, trays of goblets, merry cadets, and a legion of Royal Ballet dancers doing their very own vivacious thing.

to exist for her, and the most gripping moments of her interpretation resided in the sometimes amazing command of physical resource which she displayed: a balance staggeringly held; the great sweep of limbs and the potent clarity of pose.



Caroline Quentin and Lorraine Brunning

Low level panic

ZURICH STUDIO

The Women's Playhouse Trust brings Claire McIntyre's funny, sad and penetrating variations for female trio to Hammer-smith following their premiere at the Royal Court's Theatre Upstairs last year. The 30-minute, three-hander displays feminine fantasies, fears and phobias almost casually, with neither special pleading nor aggressive man-hating.

character of cleanliness-obsessed Celia, whose fanaticism over personal daintiness is expressed in almost religious terms.

reassuring Mary "you don't look like a tart - you look French." Jo confides fantasies to a sceptical Mary; her rage and shrill incredulity when inescapable Celia brings a man home for the night are great to behold.

Martin Hoyle

Philharmonia, Royal Philharmonic

FESTIVAL HALL

A fourth encounter with the Philharmonia inside two weeks at last produced playing of the standard to be expected from one of London's leading orchestras. The conductor was Kurt Sanderling, and had he not been able to obtain maximum concentration and commitment, it would have been a sad state of affairs - few conductors on the international circuit set higher standards or imbue their performances with a greater sense of purpose.

scheme and each movement rounded out in a quite special way.

In The Talking Dark

ROYAL EXCHANGE, MANCHESTER

For a first play, Dolores Welsh's ingenious attack on apartheid in South Africa is at best promising, at worst dire. The central dramatic proposition, echoing a novel of Sinclair Lewis, is that by confronting the upsetting truth of your own unwelcome genealogy, you learn to appreciate the virtues of the underdog. Love is only skin deep.



Terence Wilton and Frances Tomelty

black spot on her lineage as a cue, she bares her breasts, dons black silky underwear and daubs her face in black make-up.

ludes with downtrodden "kaffir" farm workers are like pearly embarrassing re-bashes of Athol Fugard. Norman Beaton plays the black father with a dignified servility that speaks, unfortunately, volumes, and Terence Wilton stomps elegantly around as the African farmer with an unexpected (and incredible) liberal inclination.

Michael Coveney

Orpheus in the Underworld

QUEEN ELIZABETH HALL

It must be a relief for the Channel 4 team that there is one thing the British seem unable to import. Although the operetta of Offenbach have regularly been mounted in this country in productions of every shape and size, the crucial ingredient of which they are always deprived is a genuine whiff of Gallic wit and elegance from across the Channel.

ghostly melée of nightclub music and Irish jokes.

know how to brighten an audience's evening, with shapely dancers and a Venus and Cupid who could do a car-can as well as any of the girls in the chorus-line.

Had Miss Virsaladze been as severely correct in her technique as she was severe in her phrasing, it might have passed off as a formidable piece of pianistic aggression; but her playing was spotted with inaccuracies, and the effect rather less than impressive.

At the opposite end of London's current orchestral spectrum from the Philharmonia as it played for Battle last week is the Royal Philharmonic. Its concert on Wednesday under Jean-Bernard Fommier was less than lacking in style, and even the appearance of Cécile Ousset in Ravel's G major Piano Concerto provided only token sparkle.

Andrew Clements

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

ARTS GUIDE

MUSIC London The Philharmonia conducted by Carlo Maria Giulini, Royal Festival Hall (Tue) (938 8800). Royal Philharmonic Orchestra conducted by Claudio Abbado, Royal Festival Hall (Wed) (938 8800). London Symphony Orchestra conducted by Richard Hickox, Mendelssohn, Barbican Hall (Thurs) (638 8801).

Vienne Ensemble Kontropunkte conducted by Peter Knusch, Schoenberg, Hollweg, Milhaud, Musikverein (Mon). Wiener Kammerphilharmonie conducted by Hans-Joachim Tzschernig, Purcell, Milhaud, Rigo, Erud, Britten, Musikverein (Tue).

Utrecht Netherlands Wind Ensemble conducted by Edo de Waart, with Leo van Oostrom (saxophone), Andriessen, Hamburg, Van Kesteren (Shan miao), and Miron, Amsterdam Baroque Orchestra under Ton Koopman, Haydn, Mozart (Thurs), Vredenburg (21 45 44).

Washington National Symphony Orchestra conducted by Pinchas Zukerman, Mozart, Vivaldi, Kennedy Center Concert Hall (Tue) (254 3776). National Symphony Orchestra conducted by Mstislav Rostropovich with Hakan Haegeland (baritone), Mendelssohn, Mahler, Sibelius, Kennedy Center Concert Hall (Thurs) (254 3776).

SALEROOM

Small highlight

The highlight of the week is the auction of "Christ at the Column", a small, 12 inch by 12 inch, head of a suffering Christ attributed to the 15th century Italian artist Antonello da Messina which comes up for sale at Christie's on Friday. It is the only work attributed to Antonello still in private hands (the Cook collection) and although the National Gallery already owns four it is a possible buyer. The picture carries an estimate of around £4m, making it potentially the most expensive Old Master to appear in London for four years.

to choose from a thousand Old Masters at what, in time, will surely seem to be bargain prices.

Antony Thorncroft

FINANCIAL TIMES

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Monday April 17 1989

Cleaner car technology

THE BRITISH Government made a political mistake when it chose to espouse lean-burn engine technology in preference to the installation of three-way catalytic converters on all motor cars.

From January 1 1993 all cars, including small cars of less than 1.4 litres, would have to meet exhaust emission standards directly equivalent with US levels - unless last week's vote is overturned by the Council of Ministers.

The intentions of the Council as agreed last November in their majority decision in favour of less tough standards have been brusquely turned aside by the European Commission and a European Parliament enjoying added powers acquired under the Single European Act.

It is easy to understand the Government's mistake. Lean-burn meets current emission standards and for small cars would have met the standards agreed by EC ministers last November.

A response to Mr Shamir

WHEN THE Israeli Prime Minister talks, as he did during his recent visit to the US, about holding "free, democratic elections" in the West Bank and Gaza Strip, Palestinians can be forgiven a certain degree of scepticism.

Second, much more clarity is needed about the purpose of the exercise. When West Bankers and Gazans are asked who they would like to represent them in eventual negotiations with Israel, they invariably point to the PLO.

Catalyst technology, applied in the US for nearly 15 years, is comparatively expensive to install, even during volume production.

In sum, those countries in which environmental considerations have come to the fore have chosen US standards. Catalytic converters are the only way of reaching such standards.

Britain should therefore accept a move towards catalytic converters as the EC norm. It would then be in a good position to lobby in favour of the least costly timetable for the introduction of the new regulations.

The Government naturally fears the political unpopularity that may arise from a decision which could increase the price of small motor cars, but the market would exert a downward pressure if all cars had to be sold with converters.

wonder where the process would lead. Mr Shamir says his initial goal would be "an interim period of self-government administration... followed by negotiations for a permanent agreement."

Conducive climate To acknowledge these difficulties, however, is not to agree with the PLO's claim that elections under the Israeli occupation are a waste of time.

Without such tentative steps, it is hard to see how a negotiation might begin. The Israelis are certainly not going to fulfil the Palestinian's pipe-dream that they withdraw first in order to allow elections under UN supervision.

It is here that the significance of Mr Shamir's election proposal may lie. The Israeli leader has quietly acknowledged that Palestinians chosen in a future election may well "sympathise" with the PLO, and that he would deal with them none the less.

Much to lose and not a lot to gain

In the first of a series, Richard Evans examines the hopes pinned on county council elections in England and Wales

There is as great a feeling of apprehension as of expectation among the major political parties as they prepare for the county council elections in England and Wales on May 4.

The outcome is difficult to predict for a number of reasons. The centre ground of politics is fluid because the former Alliance parties are an uncertain force; the Government faces a number of economic difficulties; and Labour has not taken a substantial lead in the mid-term opinion polls.

Most relevant of all, a majority of the contests are unusually evenly balanced, with only a minority of the county councils under the firm control of one party.

The elections are being held in all 39 county councils in England where 3,005 seats are being fought, and in all eight county councils in Wales, where there are 800 seats.

Major parties have sought to exclude Alliance parties and regard anything other than majority rule as freakish and unsatisfactory, giving too much influence to small parties.

The counties have thus proved to be the most lively test for coalition government in recent years, following the 1985 loss of 199 Tory and 237 Labour seats, mirrored by Alliance gains of over 450.

The key question next month is how flaky the old Alliance vote will be. In practice this means the vote for Mr Ashdown's Democrats, who provide the majority of former Alliance councillors.

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Normally, in the mid-term of a Parliament it is the Government which would expect to be on the defensive, but because of the 1985 baseline, the Conservatives could be poised for a modest psychological triumph.

There are 29 councils in England in which the Conservatives need to gain fewer than 10 seats to take control. That Mr Brooke concedes presents Tory candidates with "a rich vein of opportunity."

Otherwise, the heaviest Tory fire will be concentrated on counties like Avon, Devon, Cambridgeshire, Cheshire, Hertfordshire, Somerset and Wiltshire where there is a strong Conservative minority presence but where the Democrats could be vulnerable.

A specific humiliation in 1985 was that for the first time the Conservatives were toppled from control of the

County council elections Elections on May 4 for all 39 county councils in England, a total of 3,005 seats, and eight in Wales, with 800 seats. The present situation is: Conservative controlled (10) Labour controlled (8) Democrat controlled (1) Minority Conservative administration (5) Minority Labour administration (9) Minority Democrat administration (4) Minority Conservatives with Democrats (2) Independents (5) No administration (2)

Association of County Councils. It will be regarded as a poor result for the party if the ACC is not recaptured in the Tories' centenary year.

Another feature of the elections will be the remarkable effort by the Green Party, which is fielding 643 candidates - over twice as many as the SDP.

Whatever the merits of the argument, the poll tax should be a crucial issue. It will, after all, be the county councillors elected on May 4 who will set the community charge for its first three years - and the counties are responsible for 80 per cent of poll tax expenditure.

SEVENTY-NINE POUNDS. I KEPT THINKING AS I SWAM PAST THE ACROPOLIS AGAIN. I always stay at the Marriott when I come to Athens on business. "So why, I thought as I splashed past the rooftop bar, "have I never asked about Corporate Rates before now?" I suppose, when a hotel is this handy for the airport and city centre, you become a little blasé.

On Mrs Thatcher's 10th anniversary, a test for Government and Opposition

Taken in isolation, the political stakes on May 4 may not seem particularly high.

Neither Labour, which will find it hard to improve on its strong performance in 1985, nor the Tories, who hope for modest gains, are billing the county council elections as a decisive test of the public mood.

opinion polls, but Mr Neil Kinnock, the Labour leader, is aware that he should be doing much better.

So the local elections will fall midway through a Labour public relations campaign during which the party hopes to establish a commanding lead. Labour's "Challenge. Make the Change," campaign is intended to demonstrate that Mr Kinnock has at last forged a set of policies to win the confidence of the electorate.

He recently got into trouble for visiting a fourth Kim, Kim Il Sung, much to the fury of conservatives in the South.

Arguably the Vale of Glamorgan will be the most important test. With the Conservatives defending a majority of just 6,000, it represents the first real chance this parliament for Labour to overturn the Government by-election.

But the local elections will also test the reaction to Labour's strategy of turning itself into the party of the consumer, and the effectiveness of its attacks on a whole range of government policies.

Another plane, whose existing passengers BA decided to leave behind, then lightning struck. The lights went out all over Lagos airport and there were more delays. To the many American oilmen on board this was hardly the world's favourite airline.

Many Moons Readers interested in Korean affairs have no doubt become resigned to the fact that everybody in the country seems to be called Kim.

A man's man. Elisabeth Howe, the British Foreign Secretary's wife, has her own busy programme while hurtling around foreign parts.

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A man's man. Elisabeth Howe, the British Foreign Secretary's wife, has her own busy programme while hurtling around foreign parts.

Lady Howe heard about the little boy whose parents expressed disappointment when he said he wanted to be an engine driver when he grew up.

Ethics is no fun

Serving on the House Ethics Committee, currently debating the case of Speaker Jim Wright, is probably the most unpopular chore in Congress.

High jinx British Airways flight no 074 from Lagos to London will probably go down in BA history as one of the airline's most in-jinxed flights ever.

Many Moons Readers interested in Korean affairs have no doubt become resigned to the fact that everybody in the country seems to be called Kim.

OBSERVER

committee, officially known as the Committee on Standards of Official Conduct, owes its existence to the scandals surrounding Adam Clayton Powell Jr, a powerful former New York congressman of the late Sixties indicted for tax evasion.

High jinx British Airways flight no 074 from Lagos to London will probably go down in BA history as one of the airline's most in-jinxed flights ever.

Many Moons Readers interested in Korean affairs have no doubt become resigned to the fact that everybody in the country seems to be called Kim.

They keep turning into Martians. another plane, whose existing passengers BA decided to leave behind, then lightning struck. The lights went out all over Lagos airport and there were more delays. To the many American oilmen on board this was hardly the world's favourite airline.

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FINANCIAL TIMES COMPANIES & MARKETS

Monday April 17 1989

Thwaites ALLDIG-100 FROM THE NO. 1 IN DUMPERS

INSIDE

A succession of bolts from the Blue

Britain's Blue Arrow has been bedeviled by controversy since it took over Manpower of the US in 1987...

Swapping companies: the Snooks factor



GEC, the British electrical group, has been criticised in some quarters for its spate of recently announced joint ventures...

Exception to the bond market rule

Bond markets rally for all manner of reasons but only unusually at a time of rising inflation...

Return of the profit motive

The Eurobond market needs to return to profitability. That is the word from Michael von Brentano...

Market Statistics table with columns for Base lending rates, Eurodollar futures, FT-100 index, etc.

Companies in this section table listing American Medical Int, Blue Arrow, etc.

Assault and battery recidivist

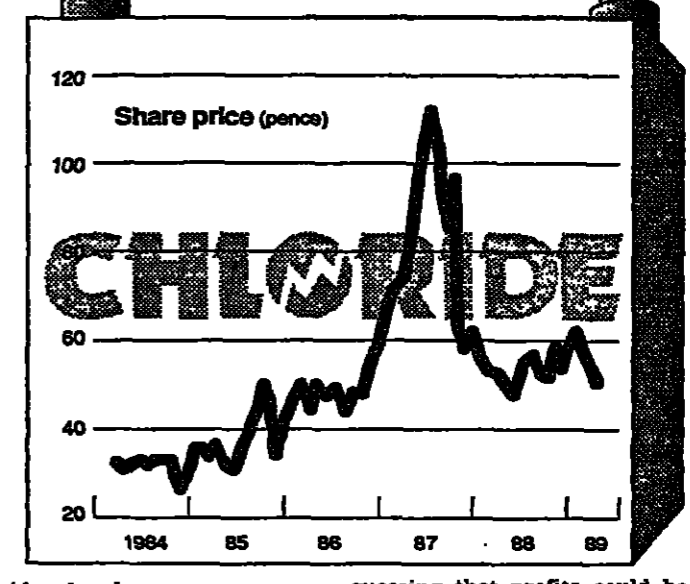
Nikki Tait looks at Chloride's long trail of corporate mishaps

AS CORPORATE mishaps go, British battery-maker Chloride takes the cake. Following its expansion-minded heyday under the leadership of Sir Michael Edwards...

Lithium battery group. For 1986/7 and 1987/7, pre-tax profits were at least respectable, at £17m and £18.2m respectively.

reduced demand" for replacement batteries. The company sang a not-dissimilar song last year and, although Mr Kent Price forecast...

have taken longer to materialise than anticipated. So where does this leave the group? The extent to which the sale of the motive power battery business was forced on Chloride...



divides sharply. The bulls note that Chloride has been building its market positions in standby power and emergency lighting...

guessing that profits could be anything between £10m and £15m. With the dividend question-mark, it is hard to point to a secure yield prop...

Policy under a political stalemate

SOMEONE seems to have the old Chinese curse inside out. We live in interesting times, but on balance they seem hopeful rather than threatening ones.

As everyone knows, there has been an explosion of drug-related murders in Washington: one a day last year, and possibly as many as two this year.

is supposed to deter people who are apparently not discouraged by a high chance of getting shot. This suggests that Mr Bennett is a stupid man, but he is not.

that the strategy has got off to a very poor start, with the loss of two "by-elections" which the Republicans might have hoped to win...

Congress had accommodated all the special interests which finance its campaigns, most of the simplicity had gone. Even the tax accountants are confused.



By Anthony Harris in Washington

Economics Notebook

Warning in job vacancy ratios

A DECADE ago, the suggestion that a fall in UK unemployment to a little below 2m could lead to accelerating wage and price pressures would have been lampooned.

tion of labour. Moreover, the ratio was almost certainly lower in the early 1970s. Back in the 1950s there were even periods when official figures showed more vacancies than unemployed.

The worry in inflation-fearing financial markets is that wage cost pressures will be based merely on anecdotal evidence and what some economists think is happening.

However, despite the high level of unemployment, the prolonged fall in UV ratio is almost certainly flashing warning signals about labour cost pressures.

At first sight, this apparent tightening of the labour market appears to be based merely on anecdotal evidence and what some economists think is happening.

That the ratio is higher than in the past merely highlights the problem of mismatches in the labour market.

A study published by the Bank of England has shed some light on this argument - and provides some comfort for Mr Nigel Lawson, the UK Chancellor.

Has the profound change in UK economic and financial conditions during the 1980s, reduced the effectiveness of interest rates as an instrument of monetary policy?

There are some qualifications needed. The fall has been from an high level and could be a sign that the supply of jobs is moving nearer equilibrium with demand - not just in numbers but also in terms of the skills required and loca-

tion of labour. Moreover, the ratio was almost certainly lower in the early 1970s. Back in the 1950s there were even periods when official figures showed more vacancies than unemployed.

Firstly, it says, the convergence of long-term international interest rates may simply reflect the convergence of inflation rates. Differentials between average rates of consumer price inflation have narrowed among leading industrial nations during the 1980s, it notes.

Secondly, if the Government's anti-inflation stance has achieved greater credibility, long-term rates would logically be more stable and less responsive to variations in short-term rates.

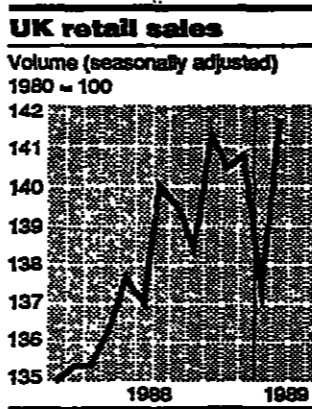
With the UK current account running at more than £14bn a year, cynics might argue that the much-mooted dock strike could be exactly what Mr Lawson needs.

Moreover, the short-term impact on the trade deficit might be negative as companies stockpile imported goods in anticipation of a strike. This could worsen April's trade figures even if no stoppages take place.

Recent developments in the pattern of UK interest rates. Discussion paper 98. Economics Division, Bank of England, London, EC2R 6AE.

THIS WEEK

THE spending behaviour of the UK consumer could provide a theme for financial markets this week, possibly affecting speculation about further rises in base rates.



On Friday the Central Statistics Office publishes its preliminary estimate of consumer spending in the first three months of the year, incorporating retail sales as well as other spending.

As well as showing the strength of borrowing they are used as measures of economic activity.

The consensus is for M0, the narrow measure of the money supply consisting almost entirely of notes and coins in circulation, to have risen by 0.5 per cent M4, which includes bank and building society deposits is expected to have risen by 1.6 per cent.

Friday: US, Federal Budget (deficit of \$80bn) UK cyclical indicators.

ures have intensified fears of rising inflation. The consensus is for a 0.5 per cent rise in the index, after 0.4 per cent in February.

Wednesday: US, Two-year Treasury note announcement. Thursday: UK, institutional investment in third quarter 1988. Provisional figures of vehicle production in March.

Friday: US, Federal Budget (deficit of \$80bn) UK cyclical indicators.

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INTERNATIONAL CAPITAL MARKETS

EUROCREDS

Greek loan stirs vigorous debate

AS THE first-quarter lull in the international loans market continued into the second quarter, a \$150m loan for Public Power Corporation of Greece stirred a vigorous debate.

A decision and it is possible that a 20 per cent weighting would apply.

There were also questions asked about the risk weighting - the ratio used calculating the amount of capital to be set aside - that would apply for the loan, which is not guaranteed by the state.

The Basle capital accords suggest that for most public sector enterprises a 20 per cent risk weighting is applicable.

This would suggest a 100 per cent weighting for PPC. However, according to Sumitomo, the Bank of Greece, which appears responsible for deciding whether PPC is a commercial enterprise, has yet to make

INTERNATIONAL BONDS

Profitability recognised as challenge for Eurobonds

PROFITABILITY has become the current preoccupation of the Eurobond market, and not a moment too soon.

However, the statement by Mr Michael von Brentano, chairman of the International Primary Market Association, after the group's annual general meeting last Friday, was the industry's first acknowledgement of what officials have believed is an issue that needs to be addressed.

Euro-capital market has established a reputation as one of the world's most efficient markets," Mr von Brentano said.

While the words were oblique, the message is clear: unless Eurobond houses all refuse to underwrite unprofitable deals, losses will so deep and enduring that the core of the market will be forced out.

However, a review of documents filed in the UK to comply with domestic corporation laws provides a few insights into just who is earning a profit.

While the Japanese houses as a group are the most profitable out of the top 10 Eurobond underwriters for 1988, even they are showing lower profits than in prior years.

For instance, for the year ended September 1987, Nomura International recorded an after-tax profit of \$42.12m, down from \$47.25m in 1986. Daiwa Europe earned a profit of \$6.51m, down dramatically from \$29.97m in 1986 and NIKKO Securities (Europe) earned a profit of \$9.86m, down from \$18.13m in 1986.

Credit Suisse First Boston showed a modest profit for the year ended December 1987 of \$2.6m, up from \$2.2m in 1986, although Deutsche Bank Capital Markets suffered after-tax losses of \$13.2m against a profit of \$3.67m in 1986.

By all accounts, 1988 was a much tougher year for profitability, reflecting in large measure the reduction in Eurobond turnover. The first quarter of 1988 has been tougher still.

Indeed, IPMA board members, responding to overwhelming concern about profitability, last Friday agreed to several changes in market practices that had been approved by an IPMA subcommittee earlier.

In addition to the widely publicised move eliminating stabilisation costs as a deductible expense from co-managers fees, several other measures were approved. In total, these

measures force lead managers who want to underwrite unprofitable business to absorb more of the losses themselves, thus enforcing a form of discipline on the market.

But improving market practices will not alter the overcapacity at the heart of the matter, says Mr Takumi Shibata, executive director at Nomura Securities.

The Eurobond business suffers because it is too easy for companies with international aspirations to set up shop, Mr Shibata said.

Banks which already have a swaps capacity and trade government bonds need little new investment to enter the Eurobond business.

By contrast, the equity-linked sector of the market, of which Japanese equity warrants are the most visible product, has more barriers to entry but is more profitable.

In order to enter the business, firms need an infrastructure consisting of equity sales and trading staff as well as equities analysts specialising in a range of industries, all of which take years to build and massive injections of capital.

Norma Cohen

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount m., Maturity, Av. life years, Coupon %, Price, Book runner, Offer yield %. Lists various international bond issues across different currencies like US Dollars, Swiss Francs, Canadian Dollars, etc.

EUROMARKET TURNOVER (\$m)

Table showing Euromarket turnover data for Primary Market and Secondary Market, categorized by currency (USD, Yen, DM, etc.) and instrument type (Straight, Conv, etc.).

Stephen Fidler

Pioneer logo and advertisement for Pioneer International Finance Limited, Pioneer International Investments BV, and Pioneer Concrete of America, Inc. Promoting a U.S. \$300,000,000 Euro-Commercial Paper Programme.

Advertisement for European Investment Bank featuring the BEIEB logo and offering a £125,000,000 per cent. Loan Stock 2009. Includes details about the issue price and interest.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Rally looks like a flash in the pan

BOND MARKETS rally for all manner of reasons but only unusually at a time of rising inflation. And rarely in the face of an uncertain currency.

Last Friday was an exception. Despite fresh evidence of rising producer prices and a modest weakness in the dollar, the US Treasury market had its best day all year.

The 30-year Treasury bond, which is the most volatile major issue because of its long maturity, rose 1/4 of a percentage point to set a benchmark for long-term interest rates of under 8.03 per cent.

But Friday's credit market rally looks suspiciously like a flash in the pan. Long-term bond yields have been stuck in a range from 8 1/2 per cent to 9 1/2 per cent for a year and they will need a rare constellation of favourable events to go lower.

marked improvement on the increases of 1 per cent a month recorded in January and February. Meanwhile, manufacturing activity was steady or even slowed down in March.

Industrial production was unchanged for the second month in a row while the factory operating rate, which has been high enough to suggest the danger of shortages and higher prices, fell to 84 per cent from 84.2 per cent in February and 84.0 per cent in January.

Prices of crude goods rose a steep 2.7 per cent in March, which suggests that an inflationary bulge has still to work its way through the production process. And the April rise in producer prices is likely to be quite steep because gasoline prices have risen in response to the Alaska oil spill.

Meanwhile, a slowdown in manufacturing is the last thing the US needs. US industry must export capital goods if it is to tackle its trade imbalances with the rest of the world. But the Commerce Department on Friday reported that the US trade deficit widened substantially in February to \$10.5bn, up from \$8.8bn, with imports rising and exports stagnant.

in producer prices. But the foreign exchange markets were less enthusiastic, with the dollar dropping more than a penny against the D-Mark and half a yen.

Foreign exchange dealers say the dollar is being supported by a scaffolding of high short-term interest rates erected over the past few months by the Federal Reserve. But for all the bond market's insouciance, there must be a question whether the currency can hold in the face of deteriorating trade accounts.

As Mr Brusca puts it: "The dollar is being supported by financial fundamentals, not by real fundamentals. There is a possibility that there will see through the thin veil of financial support and the dollar will tumble. In the bond market, I'm not saying there aren't trading opportunities for a bet on the economy weakening. But there are very important self-limiting factors in any bond market rally."

With junk bonds, it is hard to know what is going on since the market, though large, is not very transparent. The market was on the way down all week and, on Thursday, prices of some issues fell by as much as a percentage point in rocky trading. This may have been

do with the expulsion of Mr Michael Milken, the prime junk bond financier, from Drexel Burnham Lambert as part of the firm's deal with the Securities and Exchange Commission that day but this is not very likely.

Buyers of junk bonds are seeking risk and a high return like stock investors rather than the relative security demanded by a traditional corporate lender. Because junk bond issuers are highly leveraged and would suffer deeply in a recession, buyers of the bonds fear economic slow-downs. It is more likely that junk bond investors simply became agitated by prospects of a slowing economy that buoyed the Treasury market.

Traders also say that the market, though it encompasses bonds worth over \$190bn, is faced with a heavy offering of new issues over the next few weeks, perhaps amounting to \$20bn. The biggest piece of this is Drexel Burnham's \$4bn financing for the leveraged buy-out of RJR Nabisco. These bonds are likely to be some of the highest quality ever offered.

Mr Davies' verdict on the 1980s is that the Government has been successful in arresting the decline of the 1970s but that UK economic performance has not returned fully to levels seen during the 1960s.

UK GILTS

Learning from history - or not

IT IS axiomatic of markets that if they sell a commodity in anticipation of bad news which then fails to take place, asset prices will tend to rise. Witness the gilt-edged securities market on Friday.

The retail prices index rose by 0.4 per cent in March to take Britain's annual rate of inflation to 7.9 per cent. Something marginally worse had been expected and the market, which was also encouraged by Friday's US inflation and trade numbers, squeezed prices higher to end unchanged on the week.

The indications are that the market remains concerned about the UK's short-term prospects. Is the past a guide? Hegel, the 19th century German philosopher, once noted that the only thing history teaches us is that we never learn from it.

Undeterred by this, Mr Gavyn Davies at Goldman Sachs has produced a study which, in comparing how the UK fared during and after five periods of boom and bust from the late 1950s until 1979, attempts an assessment of the 1980s and offers some disturbing thoughts on the short-term future.

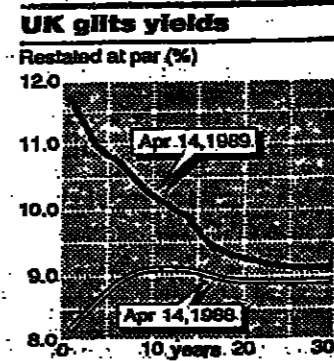
Mr Davies' verdict on the 1980s is that the Government has been successful in arresting the decline of the 1970s but that UK economic performance has not returned fully to levels seen during the 1960s.

If the supply side had improved one would expect to see rising productivity, real output rising relative to inflation, import growth falling relative to domestic demand, export growth rising relative to world trade, and the level of unemployment consistent with stable prices lower than before.

On all of these measures, the UK during 1979-88 fared worse relative to the average performance throughout the previous five economic cycles.

There were improvements. Manufacturing productivity rose at 4 per cent a year compared with an average of 2.7 per cent in the previous cycles since 1960. (Whole economy productivity was worse: 1.8 per cent a year against 2.2 per cent a year.) The inflation record was also better.

'The verdict on the 1980s is that the Government has been successful in arresting the decline of the 1970s but general economic performance has not returned fully to levels seen during the 1960s'



since the 1960s during which the rate of inflation has fallen. The past, however, does not suggest a bright future for the UK. The most important fact to note, he says, is that price inflation has continued to rise for eight quarters after the peak in the cycle was reached.

The increase in price inflation following a cyclical peak in output growth can be quite large and has averaged 3.6 percentage points after one year and 6 percentage points after two years in the five downswings.

If, as Mr Davies suggests, Britain's performance has been closer to its experience during the 1960s than the 1970s, then the 1980s are due for a prolonged period of stagflation.

The average acceleration in inflation during downswings in the 1960s and 1980s was around 3 to 5 percentage points from trough to peak.

Three things mitigate a simple repetition of the past. First, its growth has been rapid and some of the anticipated rise in costs associated with a slow-down will be absorbed through lower margins; the relative shift in power to companies away from unions means they can be tougher on wage demands and shed labour more flexibly; and the investment boom should boost supply potential.

But taking these into account, the bottom line is that experience gives us little ground for hoping that price inflation will decelerate rapidly during the downswing and this must call into question whether the Treasury's forecasts for inflation will prove realistic. The Treasury's combination of 2 per cent growth and 4 per cent inflation in 1990 "is not consistent with previous cyclical experience."

What of trade? The balance of payments constraint has reappeared as it has done on many occasions in the past during the 1979-88 cycle. Britain's trade has deteriorated relative to the past. Import volume growth has been faster (4.8 per cent a year) compared with 4.4 per cent a year from 1960-1979 and export per cent a year compared with 5.2 per cent a year.

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The upside is that history suggests the current account starts to improve after two quarters, although not rapidly.

Simon Holberton

James Buchan

Table with 5 columns: Last Friday, 1 week ago, 4 wks ago, 12-month High, 12-month Low. Rows include Fed Funds (weekly average), Three-month Treasury bills, Six-month Treasury bills, Three-month prime rate, 90-day Commercial Paper.

US BOND PRICES AND YIELDS (%)

Table with 5 columns: Last Friday, Change on week, 1 week ago, 1 month ago, 6 wks ago. Rows include 30-year Treasury, 20-year Treasury, 10-year Treasury.

NRI TOKYO BOND INDEX

Table with 5 columns: December 1983 = 100, 13/4/89, % chg, 12 wks, 26 wks. Rows include Overall, Government Bonds, Municipal Bonds, Govt. guaranteed Bonds, Bank debentures, Corporate Bonds, Govt-guaranteed Foreign Bonds, Yen-denominated Foreign Bonds.

FT/AIBD INTERNATIONAL BOND SERVICE

Large table listing international bond yields and prices for various countries including Australia, Canada, Denmark, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, Taiwan, Thailand, UK, USA, and others. Columns include country, bond type, and yield/price.

Taiwanese fund launched

A VENTURE to invest in emerging Taiwanese companies has been launched by Berkeley Govett, the Jersey-based fund manager, which has raised US\$30m from UK institutions and others for the purpose. ROC Venture Company will be managed by a unit of the Taipei-based China Development Corporation. The fund will be unquoted but according to Mr Charles Fowler, a director, it is hoped to "eventually obtain a listing as its underlying investments go public in Taiwan."

Advertisement for Kamigumi Co., Ltd. featuring the company logo, name, and details of a \$300,000,000 bond issue with a 4 1/4% yield due in 1993. The ad lists various international financial institutions as agents, including Nomura International, Sanwa International Limited, Taiyo Kobe International Limited, Baring Brothers & Co., Daiwa Europe Limited, Goldman Sachs International Limited, KOKUSAI Europe Limited, Morgan Stanley International, Salomon Brothers International Limited, Shearson Lehman Hutton International, Swiss Volksbank, The Nikko Securities Co., Sumitomo Finance International, Banca del Gottardo, Barclays de Zoete Wedd Limited, Credit Suisse First Boston Limited, Robert Fleming & Co. Limited, IBJ International Limited, Merrill Lynch International & Co., Nippon Kangyo Kakumaru (Europe) Limited, Sanyo International Limited, Swiss Bank Corporation, and Yamaichi International (Europe) Limited.

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 38p per minute peak and 26p off peak, inc VAT

AUTHORISED UNIT TRUSTS

Unit Trust Name, Type, and Contact Information

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for unit name, type, and contact details.

Table listing unit trusts including Abbey Unit Trust, Abbey Growth, Abbey Income, Abbey Multi-Asset, etc.

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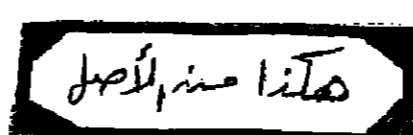
Table listing unit trusts including Abbey Unit Trust, Abbey Growth, Abbey Income, Abbey Multi-Asset, etc.

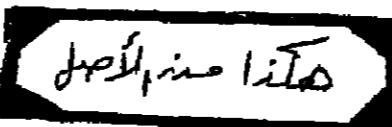
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GUIDE TO UNIT TRUST PRICING. Details on how to read the price columns, including information on bid and offer prices, and the role of the FT Unit Trust Information Service.





FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct 0836 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

A large grid of data listing unit trusts, including columns for fund names, providers, and prices. The table is organized into sections such as 'OTHER UK UNIT TRUSTS', 'City of Edinburgh Life Assurance', 'City of Westminster Assurance Co', and 'M & G Life and M & G Pensions'. Each entry typically includes the name of the trust, the managing company, and the current price per unit.

INSURANCES

AR Friendly Society
AR Friendly Society
AR Friendly Society
AR Friendly Society
AR Friendly Society

Alloy Life Assurance Co Ltd
Alloy Life Assurance Co Ltd
Alloy Life Assurance Co Ltd
Alloy Life Assurance Co Ltd
Alloy Life Assurance Co Ltd

City of Edinburgh Life Assurance
City of Edinburgh Life Assurance
City of Edinburgh Life Assurance
City of Edinburgh Life Assurance
City of Edinburgh Life Assurance

City of Westminster Assurance Co
City of Westminster Assurance Co
City of Westminster Assurance Co
City of Westminster Assurance Co
City of Westminster Assurance Co

M & G Life and M & G Pensions
M & G Life and M & G Pensions
M & G Life and M & G Pensions
M & G Life and M & G Pensions
M & G Life and M & G Pensions

Other Insurers: Norwich Union, Sun Life, Prudential, etc.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 39p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information, organized into columns for various categories like 'Premium Life Assurance Co Ltd', 'Scottish Equitable Life Assn. Sec.', 'UK Life Assurance Co Ltd', etc. Each entry includes fund names and numerical values.

MANAGEMENT SERVICES

David M. Auer (Oman) Plc. (Pars) Ltd. 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

OFFSHORE AND OVERSEAS

GUERNSEY (GBP DENOMINATED)

LUXEMBOURG (GBP DENOMINATED)

SWITZERLAND (GBP DENOMINATED)

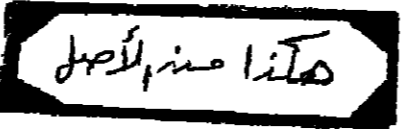
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GUERNSEY (€)

John's Lita

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE



Main table of FT Unit Trust Information Service, listing various fund names, managers, and performance metrics.

Main table of London Share Service, listing various share prices and market data.

Additional information and notes for the FT Unit Trust Information Service section.

Additional information and notes for the London Share Service section, including 'Money Market Bank Accounts' and 'Money Market Trust Funds'.

LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0636 43 + four digit code (listed below). Calls charged at 80p per minute peak and 25p off peak, inc VAT

CANADIANS table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like Alcan, Inco, and Noranda.

BUILDING, TIMBER, ROADS Cont'd table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like Balfour Beatty and Bovis Lend Lease.

ELECTRICALS table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like British Energy and British Nuclear Fuels.

ENGINEERING - Cont'd table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like BAE Systems and British Aerospace.

INDUSTRIALS (Misc.) - Cont'd table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like British Steel and British Airways.

INDUSTRIALS (Misc.) - Cont'd table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like British Petroleum and British Telecom.

BANKS, HP & LEASING table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like Abbey National and Bank of Scotland.

CHEMICALS, PLASTICS table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like ICI and British Chemicals.

FOOD, GROCERIES, ETC table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like Asda and Sainsbury.

INDUSTRIALS (Misc.) - Cont'd table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like British Airways and British Telecom.

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INDUSTRIALS (Misc.) - Cont'd table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like British Airways and British Telecom.

BEERS, WINES & SPIRITS table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like Carlsberg and Heineken.

DRAPERY AND STORES table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like Debenhams and Next.

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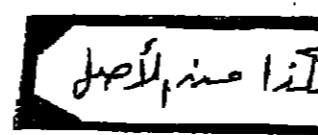
ENGINEERING table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like BAE Systems and British Aerospace.

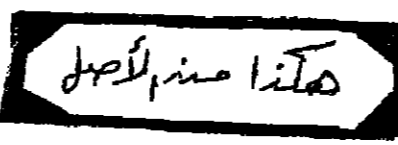
INDUSTRIALS (Misc.) table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like British Airways and British Telecom.

INDUSTRIALS (Misc.) table with columns: Stock, Price, Bid, Offer, Dividend, etc. Includes companies like British Petroleum and British Steel.

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LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure World, and Leisure Leisure.

PROPERTY

Table of Property stocks including Property Finance, Property Services, and Property Development.

TEXTILES - Contd

Table of Textiles stocks including Textiles International, Textiles Group, and Textiles Ltd.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, and Land stocks including Trusts, Finance, and Land Development.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil & Gas, Oil Services, and Gas Services.

MINES - Contd

Table of Mines stocks including Mines, Minerals, and Mining Services.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks including Motors, Aircraft, and Aviation Services.

TOBACCO

Table of Tobacco stocks including Tobacco, Cigarettes, and Tobacco Services.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks including Trusts, Finance, and Land Development.

TOBACCO

Table of Tobacco stocks including Tobacco, Cigarettes, and Tobacco Services.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas, International, and Global Services.

PLANTATIONS

Table of Plantations stocks including Plantations, Rubber, and Palm Oil.

COMMERCIAL VEHICLES

Table of Commercial Vehicles stocks including Commercial, Vehicles, and Transport Services.

COMMERCIAL VEHICLES

Table of Commercial Vehicles stocks including Commercial, Vehicles, and Transport Services.

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COMMERCIAL VEHICLES

Table of Commercial Vehicles stocks including Commercial, Vehicles, and Transport Services.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including Newspapers, Publishers, and Media Services.

NEWSPAPERS, PUBLISHERS

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NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including Newspapers, Publishers, and Media Services.

PAPER PRINTING, ADVERTISING

Table of Paper Printing and Advertising stocks including Paper, Printing, and Advertising Services.

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Notes and additional information regarding the share service, including details on currency conversions and data sources.

CURRENCIES, MONEY AND CAPITAL MARKETS

CURRENCIES AND MONEY REVIEW

Inflation holds sway over trade data

THE NET result from Friday's barrage of US economic news was that the dollar weakened, as expectations of tighter US monetary policy faded. Inflation has become the main focus of attention on the foreign exchanges, possibly because the market cannot see any marked shift in the pattern of world trade in the foreseeable future.

was expected to moderate after sharp 1 per cent gains in January and February. The rise of 0.4 per cent in the March CPI, compared favourably with forecasts of around 0.5 per cent. Forecasts for the February trade deficit ranged from about \$9.5bn to \$11bn, and averaged \$10.2bn according to a survey by Money Market Services. The resulting shortfall of \$10.5bn was again therefore no major shock to the market.

tomorrow. The February CPI showed year-on-year inflation running at 4.8 per cent, against an average of 4.4 per cent in the last two years. As far as trade is concerned there is also no indication of an improving picture. The deficit averaged \$9.5bn per month in the second quarter of last year, \$9.3bn in the third quarter and \$10.1bn in the fourth. After a downward revision to the January deficit to \$8.8bn from \$9.5bn the average for the first two months of this year is \$9.5bn.

year must be regarded with scepticism. It might not pass the 1989 Congress and the figure is likely to become progressively harder to meet if US growth is slowing. Other figures announced last Friday suggested that growth is weakening. Industrial production was unchanged in March, against expectations of a 0.2 per cent rise, and industrial capacity use in the same month fell to 84.0 per cent from a revised 84.2 per cent in February. According to a survey by MMS the February figure was expected to be 84.3 per cent.

Colin Millham

Table with columns for currency, rate, and date. Includes Sterling, Euro, and other major currencies.

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MONEY MARKETS

Pressure eases on London rates

UPWARD PRESSURE on London interest rates eased on Friday following publication of the March UK retail price index and various US economic data. In early trading on Friday three-month sterling interbank was offered at 13 1/16 per cent, virtually discounting a rise of 1/2 point in UK bank base rates.

The situation was further helped in the afternoon, when US producer prices rose 0.4 per cent in March, against forecasts of 0.5 per cent, while figures on US industrial production and industrial capacity use were weaker than expected. Fading fears of tighter US monetary policy gave a further boost to sentiment in London.

LONDON MONEY RATES

Table showing London money rates for various terms (Overnight, 7 days, One month, etc.)

UK clearing bank base lending rate

UK clearing bank base lending rate 13 per cent from November 28

Longer gilts finished with gains

Longer gilts finished with gains of over 3/4 point and interest rates continued to fall. Three-month interbank was offered at 13 3/16 per cent at the close, in spite of continued rumblings in the City about higher base rates.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various terms and currencies.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing Bank of England Treasury Bill tender details for various maturities.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly change in world interest rates for various locations and terms.

FT-ACTUARIES WORLD INDICES

Large table showing FT-Actuaries World Indices for various countries and regions, including Australia, Canada, Europe, etc.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange rates for various currencies and terms.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

DOLLAR SPOT-FORWARD AGAINST THE POUND

Table showing dollar spot-forward rates against the pound for various terms.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing dollar spot-forward rates against the dollar for various terms.

MONEY RATES

Table showing money rates for various currencies and terms.

LONDON RECENT ISSUES

Table showing London recent issues for various companies and sectors.

FIXED INTEREST STOCKS

Table showing fixed interest stocks for various companies and sectors.

RIGHTS OFFERS

Table showing rights offers for various companies and sectors.

CROSSWORD

Crossword puzzle grid with clues and solutions.

JOTTER PAD

Jotter pad with various notes and information.

YAMAICHI ADVANCED

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FT LONDON INTERBANK FIXING

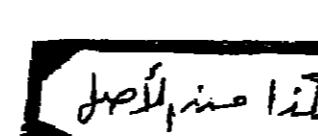
Table showing FT London interbank fixing rates for various terms and currencies.

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WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly change in world interest rates for various locations and terms.



Justino Lito

WORLD STOCK MARKETS

Table of stock market data for Australia, France, Germany, Italy, Sweden, and Switzerland. Columns include country, date, price, and change.

Table of stock market data for Japan, including various stock indices and individual stock prices.

Table of stock market data for Canada, including Toronto 4pm prices and a list of various Canadian stocks.

Table of stock market indices for New York, including Dow Jones, NYSE Composite, and other major indices.

Table of stock market data for Tokyo, listing various Japanese stocks and their prices.

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4pm prices April 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Div. Yld.	P/E Ratio	Open	Close	Change	Volume	12 Month High	Low	Div. Yld.	P/E Ratio	Open	Close	Change	Volume
35	1.74	1.24	10.5	1.74	1.74	0.00	100	36	1.75	1.25	10.5	1.75	1.75	0.00	100
37	1.75	1.25	10.5	1.75	1.75	0.00	100	38	1.76	1.26	10.5	1.76	1.76	0.00	100
39	1.77	1.27	10.5	1.77	1.77	0.00	100	40	1.78	1.28	10.5	1.78	1.78	0.00	100
41	1.79	1.29	10.5	1.79	1.79	0.00	100	42	1.80	1.30	10.5	1.80	1.80	0.00	100
43	1.81	1.31	10.5	1.81	1.81	0.00	100	44	1.82	1.32	10.5	1.82	1.82	0.00	100
45	1.83	1.33	10.5	1.83	1.83	0.00	100	46	1.84	1.34	10.5	1.84	1.84	0.00	100
47	1.85	1.35	10.5	1.85	1.85	0.00	100	48	1.86	1.36	10.5	1.86	1.86	0.00	100
49	1.87	1.37	10.5	1.87	1.87	0.00	100	50	1.88	1.38	10.5	1.88	1.88	0.00	100
51	1.89	1.39	10.5	1.89	1.89	0.00	100	52	1.90	1.40	10.5	1.90	1.90	0.00	100
53	1.91	1.41	10.5	1.91	1.91	0.00	100	54	1.92	1.42	10.5	1.92	1.92	0.00	100
55	1.93	1.43	10.5	1.93	1.93	0.00	100	56	1.94	1.44	10.5	1.94	1.94	0.00	100
57	1.95	1.45	10.5	1.95	1.95	0.00	100	58	1.96	1.46	10.5	1.96	1.96	0.00	100
59	1.97	1.47	10.5	1.97	1.97	0.00	100	60	1.98	1.48	10.5	1.98	1.98	0.00	100
61	1.99	1.49	10.5	1.99	1.99	0.00	100	62	2.00	1.50	10.5	2.00	2.00	0.00	100
63	2.01	1.51	10.5	2.01	2.01	0.00	100	64	2.02	1.52	10.5	2.02	2.02	0.00	100
65	2.03	1.53	10.5	2.03	2.03	0.00	100	66	2.04	1.54	10.5	2.04	2.04	0.00	100
67	2.05	1.55	10.5	2.05	2.05	0.00	100	68	2.06	1.56	10.5	2.06	2.06	0.00	100
69	2.07	1.57	10.5	2.07	2.07	0.00	100	70	2.08	1.58	10.5	2.08	2.08	0.00	100
71	2.09	1.59	10.5	2.09	2.09	0.00	100	72	2.10	1.60	10.5	2.10	2.10	0.00	100
73	2.11	1.61	10.5	2.11	2.11	0.00	100	74	2.12	1.62	10.5	2.12	2.12	0.00	100
75	2.13	1.63	10.5	2.13	2.13	0.00	100	76	2.14	1.64	10.5	2.14	2.14	0.00	100
77	2.15	1.65	10.5	2.15	2.15	0.00	100	78	2.16	1.66	10.5	2.16	2.16	0.00	100
79	2.17	1.67	10.5	2.17	2.17	0.00	100	80	2.18	1.68	10.5	2.18	2.18	0.00	100
81	2.19	1.69	10.5	2.19	2.19	0.00	100	82	2.20	1.70	10.5	2.20	2.20	0.00	100
83	2.21	1.71	10.5	2.21	2.21	0.00	100	84	2.22	1.72	10.5	2.22	2.22	0.00	100
85	2.23	1.73	10.5	2.23	2.23	0.00	100	86	2.24	1.74	10.5	2.24	2.24	0.00	100
87	2.25	1.75	10.5	2.25	2.25	0.00	100	88	2.26	1.76	10.5	2.26	2.26	0.00	100
89	2.27	1.77	10.5	2.27	2.27	0.00	100	90	2.28	1.78	10.5	2.28	2.28	0.00	100
91	2.29	1.79	10.5	2.29	2.29	0.00	100	92	2.30	1.80	10.5	2.30	2.30	0.00	100
93	2.31	1.81	10.5	2.31	2.31	0.00	100	94	2.32	1.82	10.5	2.32	2.32	0.00	100
95	2.33	1.83	10.5	2.33	2.33	0.00	100	96	2.34	1.84	10.5	2.34	2.34	0.00	100
97	2.35	1.85	10.5	2.35	2.35	0.00	100	98	2.36	1.86	10.5	2.36	2.36	0.00	100
99	2.37	1.87	10.5	2.37	2.37	0.00	100	100	2.38	1.88	10.5	2.38	2.38	0.00	100

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NYSE COMPOSITE PRICES

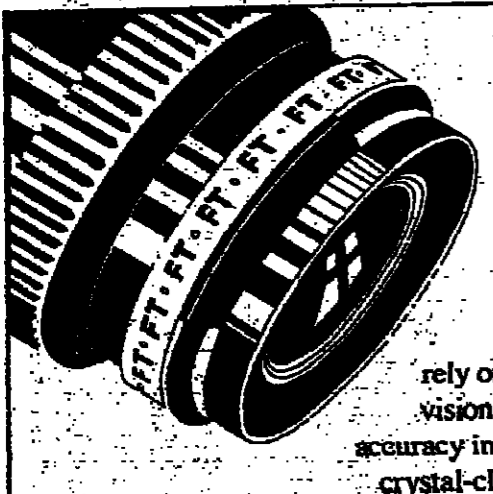
Table of NYSE Composite Prices with columns for Stock, Price, Change, and Volume. Includes sub-sections for 12 Month, 3 Month, and 1 Month returns.

OVER-THE-COUNTER

Table of Over-the-Counter prices with columns for Stock, Price, Change, and Volume. Includes sub-sections for 12 Month, 3 Month, and 1 Month returns.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, Price, Change, and Volume.



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Nasdaq national market 4pm prices April 14

Table of Nasdaq national market 4pm prices for April 14, listing various stocks and their prices.

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The Business Column The Snooks factor in European alliances

The chief executive of a leading European multinational was most amused a few months ago when one of his competitors, Britain's GEC, revealed that it was planning to transfer many of its constituent businesses into joint ventures with Siemens of West Germany, CGE-Alsthom of France, and GE of America.

But, with the signature of GEC's deals with GE last Thursday and CGE-Alsthom late last month, it is only fair to point out that many of Lord Weinstock's critics may have failed to consider what might be called "the Snooks factor."

"I DON'T think capitalism is a dirty word. Inside every human being there lives a small capitalist. Everybody wants some resource for their own and they are happy when they achieve a little more independence for themselves through their savings, owning a car and house. But there are faces of capitalism. I am very much against - capital used for racist or inhuman purposes."

Sweden's Finance Minister, 57-year-old Kjell-Olof Feldt, is the unrepentant champion of market socialism. During the 1980s he has been the architect of Sweden's economic revival and now intends to carry through a financial revolution designed to make the country more efficient and competitive.

THE MONDAY INTERVIEW

A champion of market socialism

Robert Taylor and Sara Webb speak to Kjell-Olof Feldt, Sweden's Minister of Finance

ation by 1991, to switch much of its burden from personal incomes on to services and capital, together with a tightening up on allowances. "We have a tax system that is one of the few in the world where you can actually get rich by exploiting it," he says, referring to the ability of sidetail tax advisers to shrink their clients' tax bills close to vanishing point.

PERSONAL FILE

1931 Born, Holmsund, Sweden. Educated Uppsala University. 1957-70 Civil servant at Ministry of Finance, first as secretary to the pensions commission, then budget secretary and under-secretary.

1970-75 Appointed Minister of Commerce and Industry. 1982 Appointed Minister of Finance.

achieve. "Everybody grumbles about tax reform. I found that for every Swede who thinks they will benefit from the changes I propose there are 50 others who find parts of the reforms that will harm them, like reducing tax deductible allowances and the use of company cars."

While he should have no trouble getting parliamentary approval for tax reductions, he may have problems in raising the lost revenue by other means, like increasing indirect taxes.

Mr Feldt believes that one of the reasons why Sweden has a higher inflation rate than its neighbours is because of the high levels of marginal taxation and the way the system encourages borrowing rather than saving. "We have a peculiar way of taxing small savers but are very generous to those who speculate on the stock market and real estate and finance their activities through heavy borrowing. We make it easy for old companies to make large untaxed profits but rather difficult for those who want to open up new businesses in a serious way.

Mr Feldt has spent most of his public life in the Ministry of Finance. In the 1950s and 1960s he worked as a civil servant under the influence of Sweden's legendary Finance Minister Gunnar Strang and only entered Parliament in 1971. It was the late Olof Palme who put him in charge of Swedish economic policy when the Social Democrats returned to power in Sweden in 1982 after six years in opposition.

back since. Today Mr Feldt enjoys widespread admiration for his financial skills. He has built up a group of young acolytes, many of whom have been promoted to posts throughout the Government machine. But he is also a favourite among employers and financiers, though many of them dislike his occasional punitive moves against capital, designed perhaps more to reassure his doubting party colleagues than to aid the market economy.

As the current chairman of the finance ministers committee of the Organisation for Economic Co-operation and Development, Mr Feldt is well aware that a small country like Sweden cannot manage its economy alone any longer. "There is no national sovereignty in the economic field. You cannot decide your own destiny. You have to be part of an international world. This is not to say that we are fatalists or we have to accept European unemployment rates of 10 per cent. People think we can fine tune our economic development by using national instruments alone and not take into account their impact abroad but we can't." Seven years ago Mr Feldt devalued the krona by 16 per cent and this provided the necessary stimulus to ensure a revival in industrial competitiveness. Such moves may be much more difficult now without adverse world reaction.



'I have never believed in planned economies'

rapid completion of the deregulation of the financial system started in earnest about three years ago, something to which Mr Feldt is strongly committed. He thinks it is "right for Sweden and good for Europe if we can join the four free markets that the European Community is creating of goods, services, capital and labour."

helped to produce a national wage agreement between Sweden's blue-collar union organisation and the employers in the private sector covering one million workers. Mr Feldt is not happy about it. "I think they made an honest effort to break the trend of high wage increases but they don't control wage drift," he explains. As a result the Government will have to impose some discipline by fiscal means.

in the hard-pressed public services. But he also wants that the public health sector is not as efficient as it might be. "We have to make changes in the organisation of the way the hospitals work," he argues. From time to time it is rumoured that Mr Feldt would like to have a 60p international job in finance, perhaps with the World Bank. He is very much a big fish in the tiny Swedish pond.

When judges wrestle with ambiguities

The vice of insider dealing is that an individual, finding himself in a privileged position of possessing price-sensitive, confidential information, uses it to enrich himself while others who are less fortunately placed are correspondingly disadvantaged.



When, in 1985, Parliament rather tardily got around to making the widespread activity of insider dealing a criminal offence, it provided that the information had to be "knowingly obtained (directly or indirectly) from another individual." Did the use of the word "obtained" bear its primary dictionary meaning of possessing something through one's own efforts, or did it include the secondary meaning of general acquisition? The choice is crucial where the insider dealer happens by chance to "obtain" the information without procuring it by his own efforts.

whether the word "obtained" in the 1985 statute did have a wider meaning than its accountancy or effort. The answer is in the affirmative. Last week the House of Lords confirmed that determination. The legislature had not misfired; the gap exposed by Judge Butler had been plugged.

intended to attach to the language it has used. If on examination everything points to Parliament having intended to convey one meaning rather than another, then the principle about ambiguity is displaced by giving effect to the clearly intended meaning.

Lord Lowry embarked upon just such an examination in the insider dealer case, after he listed the points that assisted the prosecution and the points against. Each point listed reflected a judicial desire to find out the precise purpose of the legislation so as to determine what meaning should be given to the language used.

Second, the white paper of 1977 upon which the 1985 statute was based also tended to show that the mischief aimed at was the dealing in securities while in possession of confidential information.

Third, the most telling point in favour of the expanded meaning to be attached to the word "obtained" was the contrast between the position of the primary and secondary dealer. A primary dealer is forbidden to use any information of the specified description. Why, then, should a secondary dealer be prohibited only from using part of the information which might fall into his lap unassisted by anything he did?

Price Loaders Anonymous "I broke this mindless, expensive habit in one day!" Every morning for years I'd been coming into the office, grabbing the PC, the newspaper and the coffee, ready for another session of the same mind-numbing game you probably play to value your clients' portfolios - PRICE LOADING. No, it wasn't much fun. Yes, it was horridly expensive. But how do you break the habit of a lifetime? Well, pretty easily actually.